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United States District Court
Northern District of California

Peter Siegel, Plaintiff, vs. Hewlett-Packard Company, Defendant	Case No: 5:12-cv-03787 HRL **DECLARATION OF KAREN E. FORD IN OPPOSITION TO MOTION FOR SUMMARY JUDGEMENT BY DEFENDANT HEWLETT PACKARD**

1. I, Karen E. Ford, am the counsel for Plaintiff Peter Siegel. I make the following declaration under penalty of perjury in support of the Plaintiff's Opposition to the Motion for Summary Judgment (MSJ) filed by Defendant Hewlett Packard (HP) in the above-entitled action. I have personal knowledge of the matters set forth herein and can testify competently thereto.

2. The Exhibits attached hereto relating to the issue of HP's control over Plaintiff's employment and the subsidiary to which he was assigned which were identified as having been obtained from the internet were located and downloaded by either myself or by staff acting at my direction and under my control. The internet exhibits are true and correct copies of materials copied or downloaded from the sources indicated.

Representations by Counsel for HP Concerning Subsidiaries at issue

3. Early on in this case as I was conducting investigation of the facts of the case I learned that HP has created and maintains dozens and perhaps hundreds of subsidiary entities worldwide. It appeared from my research that HP creates and changes the entities under its corporate umbrella constantly. Plaintiff asserts that HP operates all or at least a great number of these subsidiaries including those at issue here as a single integrated global operation and assigns specific corporate functions for all or large numbers of the subsidiaries to a given subsidiary. I became concerned that the complex maze of corporate identities might be used by defendant to try to establish that Hewlett Packard Company does not exercise sufficient control over the particular entity to which Siegel was assigned to meet the statutory standard for application of the American's with Disabilities Act (ADA). Accordingly, beginning in the late summer and early fall of 2012, shortly after the complaint was filed I contacted counsel for HP, Melinda Riechert to request documents and information concerning the corporate structure. She told me HP would not disclose such information as it believes the information to be confidential. She suggested and we discussed entering into an agreement to assure that there would be no disputes concerning the other subsidiaries rendering further discovery on the overall corporate structure unnecessary. As a result of these discussions HP has agreed that it will not rely on the separate existence of any subsidiary other than HP Enterprise Services Ltd. UK in support of the MSJ. The instant Motion for Summary Judgment was filed o or about January 4, 2013. In a letter to Ms. Riechert dated January 19, 2013, a copy of which is attached hereto as Exhibit A, I confirmed this understanding:

> "We discussed the fact that there seem to be holding companies owned by HP that fall organizationally between HP and HP-UK. I pointed out that this had not been raised as a defense by HP and asked if this will be raised as an issue in the future. You indicated that it will not. For this reason Plaintiff will forgo discovery on this point. We will simply take as a given that HP owns 100% of HP-UK. If this is not correct please let me know."

Ms. Riechert has never disputed or corrected the forgoing statement. In a letter dated April 3, 2013, a copy of which is attached hereto as Exhibit B, another attorney for HP, Adelmise Warner, again confirmed this stipulation by HP:

"As an initial matter, I can confirm the following points regarding the corporate structure of HP Enterprise Services, UK ("HPES"), as it relates to HP's motion for summary judgment:

1. HP will not dispute that it is the ultimate parent corporation of HPES. However, despite being the ultimate parent of HPES, there are several intermediate corporations.

2. HP does not intend to "rely on any other details of corporate ownership or structure" in support of its motion for summary judgment, in addition to what is already discussed in its moving papers."

4. The moving papers for the MSJ mention only HP Enterprise Services UK Limited and Hewlett Packard Company by name. There is general mention of the existence of other corporate entities in the Declaration of Marion Johnson filed in support of the MSJ. However, no mention of them is made in the MSJ itself or the memorandum of Points and Authorities in support. That fact, taken with the background of dealings between counsel referenced above, establishes that Plaintiff is responding on the assumption and assurance that other entities will not be relied upon by HP in this motion. Further, HP has failed and refused to provide any discovery concerning corporate structure despite express requests for production of documents that seek such records. There have been no documents disclosed on this topic and no depositions of HP witnesses at all permitted to date. For this reason also, HP should not be permitted to rely on other corporate entities to distance itself from control of HP Enterprise Services Limited. Accordingly, for purposes of this motion, Plaintiff takes the position that control of Hewlett Packard Enterprise Services Ltd UK can be established by showing control by HP through any of the other subsidiary entities within the HP global organization.

Publicly Available Documents Concerning the Control Issue

5. Attached hereto as Exhibit C is a true and correct copy of a list of UK subsidiaries of Hewlett Packard which I printed from the main Hewlett Packard Company website, www.hp.com.

6. Attached hereto as Exhibit D for the court's reference is an article from Wikipedia which describes the Enterprise Services business segment of HP. I an informed and believe thereon that HP posts these Wikipedia entries about its company.

7. HP asserts that the directors of HP Enterprise Services UK Ltd do not overlap with the directors of Hewlett Packard Company. However, the directors simultaneously serve on a number of the other HP companies which Plaintiff contends make up the single integrated global operation. Attached hereto as Exhibit E is a list compiled from the records filed with the Companies House in the UK by the respective companies which shows the directors and the boards on which they serve.

8. In the initial complaint Plaintiff alleged that the personnel records for Plaintiff were maintained in the UK. However, discovery has disclosed that the records are, in fact, electronically maintained in a central HP database. As of this time, the location of the server that holds the database is unknown to Plaintiff. This is one of the issues that could be resolved by discovery if permitted. Attached hereto as Exhibit F are true and correct copies of personnel records produced in discovery by HP which reflect the central electronic HR database. This is not inconsistent with the allegations of the Complaint except as to the location. The complaint does not specify whether the records are paper or electronic or by what entity they are maintained.

9. Attached hereto as Exhibit G is a true and correct copy of an article about Enterprise Services and its head, Ann Livermore obtained from an internet news service. I have tried diligently, as described in my declaration submitted in support of the Motion for Continuance to schedule the deposition of Ms. Livermore. She has unique knowledge of the history and operations of the Enterprise Services group within HP.

10. Attached hereto as Exhibit H is a true and correct copy of the 2010 Annual Report filed by HP with the SEC and produced in the course of discovery in this matter.

11. Attached hereto as Exhibit I is a true and correct copy of the Global Citizenship report for HP obtained from the official HP website.

12. Attached hereto as Exhibit J is a true and correct copy of a press release issued by HP obtained from the official HP website dated August 26, 2008. It details the merger of HP and EDS after the acquisition and shows the exercise of control in all areas of the operations

management and labor relations of the subsidiary at issue here. It also reflects the integrated global operations of HP and its Enterprise Service business segment.

13. Attached hereto as Exhibit K is a true and correct copy of a press release issued by HP obtained from the official HP website and dated May 13, 2008 concerning the acquisition of EDS by HP.

14. Attached hereto as Exhibit L is a true and correct copy of a press release dated September 23, 2009 concerning the name change to HP Enterprise Services UK Ltd and reflecting the control by HP and the integrated global operation.

15. Attached hereto as Exhibit M is a true and correct copy of a press release by HP dated June 1, 2010. I found this press release on the Hewlett Packard Company website, www.hp.com. In the press release HP identifies its subject as HP's "Enterprise Services business". This is an admission that the Enterprise Services business group exists as a recognized entity having nothing to do with any particular business entity within HP. The announcement speaks in terms of HP as a single company. In addition the press release states ""Over the past 20 months, we focused on integrating EDS and improving profitability," said Tom Iannotti, senior vice president and general manager, HP Enterprise Services. "Now that the integration is largely complete, we have identified significant opportunities to grow and scale the business. These next-generation services will enable our clients to benefit from the combined technology and services leadership that only HP offers." This is an admission as to the merger and integration of EDS and HP and of the fact that HP offers itself as a single integrated whole operating on a global basis.

16. Attached to the Request For Judicial Notice filed herewith as Exhibit A is a true and correct copy of a transcript of the testimony of Lester Ezrati, HP's Senior Tax Lawyer, before the U.S. Senate Homeland Security and Governmental Affairs Committee Permanent Subcommittee on Investigations on September 20, 2012. This was the committee that is investigating the tax affairs of many large IT companies, including HP. On page 2 Mr. Ezrati states that 'Which is to say that HP is a truly global entity, creating technology that positively impacts individuals and businesses all around the world.' He goes on to provide an overview of

HP as a single, global corporate entity, discussing products, services, and programs of work from many different HP operating companies around the world as if they are one. On page 6 a section begins entitled 'US Based Worldwide Company'. The content of that section of his testimony is filled with statements confirming that HP is a single company operating on a global basis. On page 7 he testifies that 'It is also important to highlight for Committee members that most of HP's global intellectual property is owned in the U.S. For many product lines, even when R&D is conducted by HP subsidiaries outside of the U.S., HP in the U.S, pays for the R&D so that the IP is owned in the U.S.' He goes on to testify, 'HP has substantial foreign operations and conducts our business on a worldwide basis.' On page 10 he testifies 'HP's US based headquarters company, HPCO, is the ultimate parent company of all HP's foreign subsidiaries.' Overall he testified to the same integrated global operation which Plaintiff Siegel describes in his declaration. On page 12 he discussed under the heading HP's Repatriation Strategy the fact that HP Company routinely moves funds from its foreign subsidiaries to the US operation and back for a variety of reasons and using a variety of devices. This confirms the integration of financial operations which Plaintiff alleges exists between Hewlett Packard Company and its foreign subsidiaries.

17. The documents admitted by HP in the response to request for admissions filed herewith include numerous admissions by Hewlett Packard Company and its management regarding the integration of EDS and the Enterprise Services Workforce Restructuring Plan merging the operations of EDS and HP which took place during approximately two years following the acquisition of EDS. The following are some examples:

a. "The company also will announce plans to restructure the EDS business group to streamline costs, invest in growth and drive shareholder value." Hewlett Packard Company Palo Alto press release September 15 2008. Admision __

b. "With EDS, HP is a leading globally scaled service provider that combines innovation, a stronger product portfolio and expanded service delivery capabilities." Hewlett Packard Company Palo Alto press release September 15

2008. Response to Request for Admissions paragraph __ and Exhibit __thereto.

c. "HP intends to implement a restructuring program for the EDS business group that will better align the combined company's overall structure and efficiency with the operating model that HP has successfully implemented in recent years. In addition to making changes to its global workforce to better serve its services customers, HP has identified synergies in corporate overhead functions, such as real estate, IT and procurement… The restructuring program will take place over three years and includes a workforce reduction that will streamline the combined company's services businesses. Workforce reduction plans will vary by country, based on local legal requirements and consultation with works councils and employee representatives, as appropriate. Approximately 7.5 percent of the combined company's workforce, or about 24,600 employees, will be affected over the course of the program, with nearly half of the reductions occurring in the United States. HP will provide employees affected by this restructuring program with severance packages, counseling and job placement services… HP expects to replace roughly half of these positions over the next three years to create a global workforce that has the right blend of services delivery capabilities to address the diversity of its markets and customers worldwide". This is a key statement on Hewlett Packard Company's decision for massive reductions in EDS worker compliments globally, with a global workforce reduction target of 7.5% driven by Hewlett Packard Company. Hewlett Packard Company Palo Alto press release September 15 2008. Response to Request for Admissions paragraph __ and Exhibit __thereto.

d. "Financial impact of - HP will be recording a charge of $1.7 billion in the fourth quarter of fiscal 2008 relating to the restructuring program, $1.4 billion of which will be recorded as goodwill and $0.3 billion of which will be

recorded as a restructuring charge that will be included in HP's GAAP financial results." Hewlett Packard Company Palo Alto press release September 15 2008. Response to Request for Admissions paragraph __ and Exhibit __thereto.

e. "In addition, in September 2008, we announced a workforce restructuring program relating to our acquisition of EDS. We expect that program to involve the elimination of approximately 24,700 positions worldwide through fiscal 2012. We expect to replace approximately half of these positions in locations that will optimize our global footprint. Significant risks associated with these actions and other workforce management issues that may impair our ability to achieve anticipated cost reductions or may otherwise harm our business include delays in implementation of workforce reductions in highly regulated locations outside of the United States, particularly in Europe and Asia, delays in hiring and integrating new employees, decreases in employee morale and the failure to meet operational targets due to the loss of employees." - Statement reinforcing the global nature of workplace restructuring of Enterprise Services business. Hewlett Packard Company Annual report 2008 p26

f. "Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business. The challenges involved in integration include:… persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, engaging with employee works councils representing an acquired company's non-U.S. employees, integrating employees into HP, correctly estimating employee benefit costs and implementing restructuring programs … in August 2008, we completed our acquisition of EDS, and we are in the process of integrating EDS into our company. The size of the acquisition of EDS increases both the scope and consequence of ongoing

integration risks. We may not successfully address the integration challenges in a timely manner, or at all, and we may not fully realize all of the anticipated benefits or synergies of the EDS acquisition. If we fail to realize such anticipated benefits or synergies, our operating results could be materially adversely affected." Annual report 2008 p29

g. "[W]e're bringing together two teams of really world-class service organizations and a strong leadership team coming from EDS to help with the new scale that we have. More importantly, HP's got a great track record of integration. We've successfully integrated Compaq and 30 plus other acquisitions over the last few years. HP and EDS has a broad set of integration experiences, so we're going to integrate these two teams and blend these two cultures. So now, I'll tell you a little bit about how we're doing that. I'm very confident in our integration process. We've had a very well organized, very disciplined sort of command and control integration planning office. We had 500 full-time people and over 1,000 part-time people working on this, 250 plus projects with over 10,000 milestones that we monitor on a regular basis in this integration program office, and both Joe and I are in there daily, and Mark and Ann and Ron are in there weekly. So, we've been going through this process for the last several months. This is how we spent our summer in Plano, and we've really got an incredible amount of work done, very detailed operating plans. The areas of focus are, as you would expect, first and foremost customer, so we've gone through the entire customer base and really analyzed not only the customers with where they're at today but what their future needs are and how we can best serve them. Portfolio alignment, we've looked at all the service product line offerings, and we're aligning those and optimizing for the combination of the two. You know we're going to have a lot of work force actions and those come in the functions and the geographies and the lines of business, and we've got very detailed plans for what those

work force actions are going to look like… So one of the questions I get is, how do we know you're going to execute this well? Because we're going to keep monitoring it very carefully as we go along. We're going to continue to have the integration program office. Mark personally chairs these meetings. It's staffed by Ann and Ron and Joe and myself, [Marcella] and a few others. ” Transcript of Hewlett Packard Company presentation 15 September 2008 pp13-14- “we should be able to leverage HP scale and accrue vendor pricing for EDS, just as we've done at HP… our objective is to transform the EDS cost structure to provide a foundation that we can invest and grow the business on. A significant element of this plan is to realign and streamline our workforce. As a result, the restructuring program reduces headcount by approximately 24,600 over the next three years. Over that same time, we will be reinvesting in our workforce to better optimize our global footprint. As a result, we've – we expect that over 50% of the headcount reductions will be replaced as we map the workforce to the global opportunities in front of us… As we look at the headcount restructuring, we've set aggressive goals for ourselves. We expect to execute approximately half of the headcount reductions in fiscal '09, and we expect to do this roughly linearly over '09. As I mentioned before, we also expect the savings in IT, real estate and procurement that are non-headcount related, and the areas where we're transitioning our workforce will require significant reinvestment, investments to hire and train folks in advance of the headcount cuts. We expect to reinvest a portion of these savings in deal repricing, being more competitive and adding more sales reps to our sales force.” Presentation 15 September 2008 p16 – Statement from Cathy Lesjak detailing how Hewlett Packard Company will leverage its size and to reduce costs globally, and how costs incurred integrating EDS will be recovered through global headcount reduction.

h. The following Q&A exchange by David Bailley, Vice President Equity Research Analyst Goldman Sachs, NY and Mark Hurd, CEO of the Hewlett Packard Company, CA clearly confirms that statements made by the Hewlett Packard Company about EDS integration should be considered international in scope."You've had a lot of success in the past, taking costs out of the business, but EDS is a little bit different because it's a people-heavy business. So, can you talk a little bit about what differences there are in taking costs out of EDS versus what you've done historically" David Bailey, Goldman Sachs …"We're going to do it thoughtfully. We've had to deal with taking thousands of people out before, and not only taking thousands of people out, but taking them out globally across multiple business functions, because when you get into this, these are not just US actions we're talking about here. These are global actions… Imagine that we thought all that through by timeframe, by region, by type of job involved, by level of job involved, how does it relate to our labor model. How does it relate to our job architecture? How does it relate to our cost by job category? How that relates to our charge to goodwill, et cetera. Imagine that we've actually tried to think through every piece of that as we execute this. So, we've done a lot of work... I do think when you think of how you get to the optimal labor deployment, we are not focused on any one country as the optimal place to have resources. We try to deploy our resources globally. We try to deploy them where we think there are significant growth and revenue opportunities as well as getting the advantage of skills and cost. So, we're not just let's go to this one country and grow the headcount to the biggest number we can. In fact, we actually think that's not the right strategy. So for us, we're looking to the much broader mix of countries and labor pools and skill pools than just one" – Mark Hurd Presentation 15 September 2008 p25.

DISCOVERY EFFORTS UPDATE

18. The following is to update the Declaration of Karen E. Ford filed in this action on July 11, 2013. Unfortunately, despite the extension of some three weeks granted by the court, I have still not been able to obtain any additional documents or to conduct any depositions. To date Plaintiff has been trying to schedule depositions for months. They were originally noticed in January and HP has yet to produce a single witness.

19. The continuance was granted on July 16, 2013. On July 17, 2013 I sent an e mail to Ms. Warner, counsel for HP, trying to set the depositions. A true and correct copy is attached hereto as Exhibit N.

20. On July 17, 2013 Ms Warner sent a response a true and correct copy of which is attached hereto as Exhibit O. The response provided dates but most were in mid to late August after the extended deadline for filing Plaintiffs Opposition to the MSJ.

21. On July 17 I sent a reply to Ms Warner telling her that the dates were too late to be of assistance. A true and correct copy is attached hereto as Exhibit P. Ms Warner did not respond to my concerns and instead began to request dates for Plaintiffs deposition. Prior to the 17th HP had made no efforts to schedule a deposition of Plaintiff. Ms Warner stated that HP wanted Plaintiff to travel from the UK to California for his deposition even though HP had insisted that the depositions of named witnesses take place in the UK.

22. On July 18, 2013 Ms. Warner provided an e mail with updated information on the availability of witnesses for deposition. A true and correct copy is attached hereto as Exhibit Q. The dates in this e mail are also too close to the deadline for response to the MSJ to allow for use of the transcripts particularly in light of the

23. In early July for the first time HP designated witnesses to represent it in the 30(b)(6) deposition I noticed on January 3, 2013. The witnesses designated were all witnesses I had been seeking as named witnesses. As a result of the intransigence of HP and in an effort to get the depositions in time to use them in the Opposition to the MSJ I prepare and served Notices of Deposition for the 30(b)(6) deposition here in California starting on July 25. True and correct

copy of my e mail to Ms Warner on this subject on July 18 is attached hereto as Exhibit R. A true and correct copy of the notice of deposition is attached hereto as Exhibit S.

24. The HP refused to produce witnesses for the deposition as noticed. As a result of the refusal I was unable to conduct any depositions prior to filing the opposition to the MSJ . Mr. Siegel has been medically unable to participate in his deposition in August but is willing to appear in September. I have also been unable to obtain the depositions of Ann Livermore the head of the Enterprise Services group and of Ms Rickard who heads the Global Ethics group. The relevance of these witnesses is clear from the discussion of these areas in the Opposition memorandum. Ms Livermore has knowledge about the integrated global operation and the merger of HP and EDS. Ms Rickard has knowledge concerning the Global Ethics operation which Plaintiff contends is a prime example of control by HP over employees and of direct action with respect to employees of subsidiaries.

25. On July 25 I met with Ms Riechert, lead counsel for HP to discuss discovery disputes. We have agreed to make a joint application for extension of the fact discovery deadline for 60 days to permit us to take depositions. However, I have not yet had time to prepare the papers due to the need to work on this filing. Ruling on the MSJ should be delayed until Plaintiff has had the chance to conduct discovery including the depositions. I am preparing to submit the issue of the deposition of Livermore and Rickard and document production issues to the court for resolution but have had to delay that task until this Opposition is complete.

26. As the undersigned, I hereby declare under penalty of perjury that the content of the forgoing 25 numbered paragraphs is true and correct to the best of my knowledge.

Dated this 7th _day of August, 2013

/s/
Karen E. Ford Esq.
Attorney for Plaintiff

EXHIBIT A

KAREN E. FORD ESQ.

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January 19, 2013

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Via e mail mriechert@morganlewis.com

Re: Siegel v. Hewlett Packard CV12-03787-HRL Meet and confer re Plaintiff's requests for production.

Dear Ms. Riechert:

The following is to confirm our discussions and outline the proposed compromises concerning the Plaintiffs first set of requests for production.

You stated your view that virtually all of the requests are over-broad and vague. We discussed each request as to which you had questions and I did my best to explain to you what Plaintiff is seeking and why. However, I also explained that I cannot provide precise titles, authors or dates of documents as I do not generally know this information. I do not believe that requests stated with that kind of precision are required for a proper discovery request. At one point you challenged me to tell you what word searches you should use to seek the requested records. I do not know enough about the recordkeeping at HP to advise you how to search for requested categories of records. As you quite correctly pointed out, you most commonly would speak to someone at HP to find out what records exist and how to find them. I do not have that luxury. I am happy to respond to any questions that you may have and to narrow the requests where appropriate. Based on our conversation I gather that at least as of that time you had not made efforts to locate the requested documents. If you could tell me what exists that falls within the requests perhaps we can identify the documents that are important for production and those that are not.

During our conversation I pointed out to you that HP has the obligation if it feels a request is overbroad to respond by producing those documents which it agrees can appropriately

be sought while reserving the objection to other documents. Some of your statements led me to believe that you were going to serve written objections only, in lieu of providing any responsive documents at all. Please provide a statement of HP's position on this issue. Plaintiff expects production of documents and not merely written objections. Where there are objections, Plaintiff expects production of all documents within the request that are not withheld pursuant to objection.

At some point during the conversation you made mention of the fact that some of the records Plaintiff seeks are not records of Hewlett-Packard Company but rather of Hewlett Packard Enterprise Services UK Limited (HP-UK). I asked if HP was going to take the position that it would not be producing any documents it deemed it to be records of HP-UK as opposed to the HP Company. You did not take a strong position on this issue so I am not sure where we stand on this. I would like to point out that HP has submitted records that are re cords of HP-UK in support of its motion for summary judgment. To the extent that HP is aware of any records within the custody or control of HP-UK that would be responsive to the requests but will not be produced on the forgoing basis, I request that HP clearly identify such records or documents.

We discussed the fact that there seem to be holding companies owned by HP that fall organizationally between HP and HP-UK. I pointed out that this had not been raised as a defense by HP and asked if this will be raised as an issue in the future. You indicated that it will not. For this reason Plaintiff will forgo discovery on this point. We will simply take as a given that HP owns 100% of HP-UK. If this is not correct please let me know.

You stated no problems with the definitions and instructions section or with the first two requests for production.

<u>Request Number 3</u>: You stated that there can be no documents that show a lack of control. I pointed out that HP has just filed a motion for summary judgment arguing this precise issue and has proffered declarations and exhibits to prove this exact point. You stated that the only evidence that will be presented by HP on this point has already been provided in support of the Motion for Summary Judgment. You stated that there is no other evidence on this point. If so, then identification of those documents will be a sufficient response to this point. However, I will raise this response if any other evidence is ever submitted on this point in the future.

<u>Request Number 4:</u> You complained that this request is too vague and overbroad. This is a specific issue directly relevant to HP's core defense in this action to date. Plaintiff does not now necessarily know all of the forms of control HP exerts over HP-UK. If you can identify categories of documents that are or might be responsive perhaps we can determine if there are documents which are responsive but need not be produced. Examples of documents that might be responsive would be operational instructions or guidelines to HP-UK and its management from HP Company and its management; financial guidelines, rules or systems imposed on HP-UK by HP Company; instructions, policies, or guidelines for customer services or contacts from HP Company and its management to HP-UK and its management; any communications, plans or polices concerning the integration of the HP-UK operation into HP Company in connection with the merger. With respect to these examples, which are not intended as a limitation on the scope of the request, the terms "HP" and "HP Company" refer to both Hewlett Packard Company itself

and to any predecessor including without limitation EDS. The term HP-UK refers not only to HP-UK but to any predecessor name or entity.

Request Number 5: You objected that Request for Production Number 5, which relates to the activities of the global ethics team is much too broad and involves thousands of documents and hundreds of people. Apparently the Global Ethics Team is very large and their activities are extensive. Of course, in a way, this is precisely our point. If you can identify the categories of documents which exist we may well be able to come up with a reasonable compromise. I gather that the Global Ethics Team sets ethical standards applicable to all employees of HP including its subsidiaries. We would expect to receive copies of such global ethical standards and particularly those applicable to employees of HP-UK. I also gather that there is global training on ethical issues presented to management and employees of HP and its subsidiaries. We would expect to receive documents including such items as content outlines, handouts and PowerPoint slides related to such training. We would like to have documents showing dates of specific training t HP-UK but are not interested in the actual training schedules related to other subsidiaries for the moment. I gather that the global ethics team also conducts investigations of suspected or reported ethical breaches by employees and management of HP Company and its subsidiaries. While for the moment we are not interested in the details of alleged ethical violations by employees around the globe, the fact that the Global Ethics Team investigates such matters and presumably takes or recommends corrective action is highly probative of the issue of centralized control of employee and management issues. Specific examples of this would be found in the investigative reports and resulting actions. If there are documents that relate to ethical investigations at HP-UK these would be highly relevant and we would expect them to be disclosed. If not, then the investigations in other subsidiaries may be the best evidence to the scope, depth, and conduct of such investigations. In any event, polices, forms, training materials and the like which relate to or show the process of investigation undertaken by the Global Ethics Team this are highly relevant to the issue of control of operations and human resources and should be produced.

Request Number 6: There was no specific discussion of Request for Production Number 6.

Request Number 7 : You stated no problem with Request for Production Number 7

Request Number 8 : You objected to Request for Production Number 8 on the grounds that it is overbroad. You said that the merger agreement may be hundreds or thousands of pages in length. While I am sure that the agreement may have a good deal of information that is not directly relevant I believe that there will probably be a good deal of directly relevant material. Specifically, and without limitation any portion of the agreement that relates to employees of EDS and how they will be handled is pertinent. Any document that relates to employee benefits and how they will be handled in the transition is very relevant. Any document or portion of the agreement that relates to successorship or responsibility of HP for human resources is relevant to the issue of control. Also, documents from the due diligence process that concern human resources claims or issues would be highly relevant. It may well be that other information related to the merger may well show control of operations or human resources matters. However, as you have not disclosed anything about what documents exist or what the agreement contains I cannot predict this with precision.

Request Number 9: You stated that this request is overbroad and indicated there might be a difference between documents related to HP UK and other former EDS holdings worldwide. As a way to get past this problem and without waiver of the right to seek documents related to other locations in the future, Plaintiff would be willing to accept for the time being a response including documents that related to HP operations and subsidiaries in the UK.

Request Number 10: You stated that you do not understand this request and that you would be objecting on this ground. I explained that Plaintiff is seeking documents which would show the establishment of this company. Is it simply a renaming of the existing company or was there some kind of reorganization that took place ownership structure or changes in ownership structure over time. You contended all of this is irrelevant. However, if HP bought a company and then proceeded to restructure it from the ground up on one or more occasions this shows a significant day to day control of the structure and operations of the company.

Request Number 11 : You stated you did not understand what this meant. I explained that there was an integration process of EDS into HP. You again raised the issue as to whether we were talking about integration of EDS UK or EDS worldwide. Again, for purposes of resolving the problem at this stage and without waiver, we would agree to integration of EDS as a whole and specific integration of EDS-UK. As I told you, I am absolutely confident that this transaction was not simply Hewlett-Packard purchasing of shares of stock in a UK company which then continued on operating exactly as it had before. You told me that that was HP's position and I told you that I felt this would not be a tenable position.

Request Number 12: You indicated you would be willing to tell us the percentage of HP's business which is and has been enterprise services technology. I told you that would be certainly useful as it establishes that this is part of HP's core business. However, I explained that it also relates to the issue of the global marketing and providing of services to multinational companies on a multinational basis. You indicated that HP would be willing to stipulate and admit that it has a multinational customers and also that there are multinational contracts. I doubt this would be sufficient but perhaps I can come up with some kind of admission that might work. In the meantime, please respond with whatever documents HP is willing to produce on this issue. You pointed out that some relevant documents might be available on line in SEC filings. I have already gone to EDGAR in search of pertinent material but there are thousands of filings and it is virtually impossible to determine what you might be referring to. If responsive documents are available on line, please provide exact names and dates of the records so we can locate them.

Request Number 13 : You indicated that HP absolutely would not be producing copies of contracts with customers but would be willing to stipulate that there are multinational and global contracts. As I explained it is Plaintiffs assertion that HP enters into contracts with customers that include services provided by its subsidiaries including HP-UK and that the providing of services pursuant to these contracts are administered by employees of HP and other subsidiaries of HP. Also employees of HP and its subsidiaries coordinated efforts to provide services including direct supervision and control by employee of HP and other subsidiaries. Such evidence is directly relevant to the issue of centralized operations.

Request Number 14: You were adamant that HP would not be producing any documents in response to this request. I pointed out that, among other things, there were allegations that customers had complained about Mr. Siegel. I told you that any communications back and forth between HP employees and Mr. Siegel or his work, even if he is not mentioned by name would be directly relevant. In addition, communications about his work will relate to supervision and control of his work by HP. You said that we should have asked for that than rather than the broader request. With respect to several of these requests you stated HP was not going to be producing all e-mails that had been sent to or received by Mr. Siegel. I asked why not and said that I felt that such materials would be directly relevant. You stated that most of such materials were irrelevant and would not be produced. I pointed out they would be quite easy to locate they would be in fact in a single Outlook file somewhere on HP's server. You said they probably would be very easy to produce but that you felt they were irrelevant and HP would not be producing them.

Request Number 15: You took the position that communications concerning Mr. Siegel's customer assignments are irrelevant. I pointed out that assignment to less favorable customer assignments was one of the key allegations of the complaint. You were said that HP would not be producing any such documents even if they were purely internal, such as communications sent by or received by Mr. Siegel and his managers.

Request Number 16: You took the position that requesting communications concerning Mr. Siegel was overbroad and irrelevant. I do not agree and ask that HP respond to the request.

Request Number 17: You agreed HP would provide the documents requested.

Request Number 18: You stated that HP would not produce medical records for individuals other than Mr. Siegel. I explained that Plaintiff seeks general materials about the program how it works with services are provided with the interaction is what the areas of responsibility are between HP and BUPA. We also want all documents related to communications or dealings with BUPA concerning Mr. Siegel.

Request Number 19: This was discussed in conjunction with request number 18. You indicated that producing documents relating specifically to Plaintiff Siegel wouldn't be a problem.

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Requests Number 20 and 21: You absolutely refused to provide all documents relating to work assignments and claimed that this was irrelevant to the case. I reminded you that one of the fundamental claims of discrimination in this case is that he was discriminated against with respect to work assignments. However, you took the position that this is burdensome and irrelevant. Plaintiff expects a full response to these requests. You summarized that HP would be willing to provide Siegel's personnel file and medical records and basically nothing else. I do not agree to such a limited production in response to our requests and ask that HP rethink this position.

Request Number 22 : You said this request was appropriate and HP would respond to it.

Request Number 23: I reminded you that I had corrected the typographical error and completed the sentence in a subsequent letter. The full Request as corrected is: "Any benefit programs applicable to HP employees in the UK which are also applicable to HP employees in other groups and locations including employees of any other subsidiary of HP." You did not state any objection to this request so I assume HP will respond.

Request Number 24: You stated that this request was overbroad and that HP would not respond to it. As I explained this request is seeking evidence that HP controls job descriptions, job titles, and employee policies at HP-UK. Also, the request seeks evidence concerning Plaintiff's assertion that HP replaced former EDS employees with employees from elsewhere within the HP organization. In fact, Plaintiff asserts that employees of subsidiaries such as HP-UK are routinely transferred and can apply to transfer to HP or other subsidiaries. Part of the changes in these areas at HP-UK may have been in connection with the integration and other changes may have just been routine changes mandated by HP throughout its organization. All are relevant to the issues of control of operations and human resources matters. I request that HP reconsider its position.

Request Number 25: You said you did not know what "ownership or management structure" referred to. I explained that "management structure" refers to the positions of management and the reporting tree and also the individuals who fill those positions. You argued that this is irrelevant. I explained that I believe these issues relate directly to the amount of control exercised by HP and to interrelationship of the operations. You indicated HP would not be providing anything but an objection in response to this request.

Please let me know if I have missed any issue or if your understanding differs from the forgoing. I am hoping that we can work together to efficiently schedule and complete discovery in this matter. I look forward to hearing from you.

Sincerely,

Karen E. Ford

EXHIBIT B

Morgan, Lewis & Bockius LLP
One Market, Spear Street Tower
San Francisco, CA 94105
Tel: 415.442.1000
Fax: 415.442.1001
www.morganlewis.com

Morgan Lewis
COUNSELORS AT LAW

Adelmise Rosemé Warner
415.442.1280
adelmise.warner@morganlewis.com

April 3, 2013

VIA E-MAIL
VIA REGULAR MAIL

Karen E. Ford, Esq.
P.O. Box 287
Carmel-by-the-Sea, CA 93921-0287
karen@fordslaw.com

Re: Peter Siegel v. HP Company - Discovery Issues
Client Matter No. 060718-01-0067

Dear Ms. Ford:

I write in response to your meet and confer letter, dated March 27, 2013.

As an initial matter, I can confirm the following points regarding the corporate structure of HP Enterprise Services, UK ("HPES"), as it relates to HP's motion for summary judgment:

1. HP will not dispute that it is the ultimate parent corporation of HPES. However, despite being the ultimate parent of HPES, there are several intermediate corporations.

2. HP does not intend to "rely on any other details of corporate ownership or structure" in support of its motion for summary judgment, in addition to what is already discussed in its moving papers.

With respect to the issue of document production by HP, enclosed are additional documents to supplement HP's January 22, 2013 production in response to Plaintiff's first set of document requests. Those documents include: (1) E-mail correspondence involving Mr. Siegel; (2) performance reviews for Mr. Siegel; and (3) various employment policies and code of business conduct. In addition, we may produce additional e-mail correspondence to you next week.

You contend that HP has produced virtually no documents that are relevant to the issues in the pending summary judgment motion. That is not the case, in light of HP's production in January 2013 (which contains documents bates-numbered HP 000001 – HP 001331). If there are specific

Morgan Lewis
COUNSELORS AT LAW

Morgan Lewis
COUNSELORS AT LAW

additional documents that you believe are relevant to the issues raised in the summary judgment motion, and that have not been produced to you, please identify those to us and we can meet and confer about producing them to the extent that they are relevant and are not privileged.

With respect to depositions, we have not refused to produce witnesses for deposition. We have not yet reached agreement about specific depositions because we were attempting to resolve this matter through mediation. We are happy to work with you to schedule the depositions of witnesses you believe are relevant for Plaintiff to oppose HP's summary judgment motion. To facilitate the process, please provide us with the following information:

1. A list of the specific witnesses you want to depose;

2. Proposed dates and times for each deposition; and

3. Whether you intend to take the depositions in person or by telephone.

If you intend to take depositions by telephone, we need to discuss specific date(s) and time(s) for each telephonic deposition. As you know, England is about 8 hours ahead of California time. To ensure that the witnesses are deposed during their business hours, we would need to schedule their depositions between the hours of midnight and 9:00 a.m. PST. We are willing to meet and confer with you to find mutually convenient date(s) and time(s) to schedule the depositions you wish to take.

Sincerely,

Adelmise Rosemé Warner

Enclosures

EXHIBIT C

Registered Companies

Hewlett-Packard Limited

Registered Office: Amen Corner, Cain Road, Bracknell, Berks RG12 1HN
Registered No.: 690597 England

Hewlett-Packard Manufacturing Limited

Registered Office: 1 George Square, Glasgow G2 1AL
Registered No.: SC103237 Scotland

Hewlett-Packard CDS Limited

Registered Office: Amen Corner, Cain Road, Bracknell, Berks RG12 1HN
Registered No.: 3032971 England

HP Information Security UK Limited

Registered Office: Amen Corner, Cain Road, Bracknell, Berks RG12 1HN
Company No.: 02557363 England

HP Enterprise Services UK Ltd

Registered Office: Amen Corner, Cain Road, Bracknell, Berks RG12 1HN
Company No.: 00053419 England

HP Enterprise Services Defence and Security UK Ltd

Registered Office: Amen Corner, Cain Road, Bracknell, Berks RG12 1HN
Company No.: 00936751 England

Palm Europe Limited

Registered Office: Amen Corner, Cain Road, Bracknell, Berks RG12 1HN
Company No.: 03903962 England

Other Registrations

HP is a registered producer under the Waste Electrical and Electronic Equipment Regulations 2007. HP's WEEE registration number is WEE/EJ0076US. Read more about recycling your old IT equipment

HP is committed to providing our customers with information about the chemical substances in our products as needed to comply with legal requirements such as REACH (Regulation EC No 1907/2006 of the European Parliament and the Council). A chemical information report for this product can be found at:

www.hp.com/go/reach.

Related Links:

Contact HP

Company Information

EXHIBIT D

HP Enterprise Services

From Wikipedia, the free encyclopedia

HP Enterprise Services is the global business and technology services division of Hewlett Packard's HP Enterprise Business strategic business unit. It was formed by the combination of HP's legacy services consulting and outsourcing business and the integration of acquired Electronic Data Systems, which had defined the outsourcing business when it was established in 1962 by H. Ross Perot.

As of 2009, HP Enterprise Services employed 139,500 people in 60 countries,[1] the largest locations being the United States, India and the UK. It was ranked as one of the largest service companies on the Fortune 500 list with around 2,000 clients. In 2010, HP Enterprise Services was ranked first in Corporate Responsibility Magazine's "*Corporate Citizens in Government Contracting*" listing.[2]

HP Enterprise Services

Type	Division of HP
Industry	IT services, IT consulting
Headquarters	Plano, Texas, USA
Key people	Mike Nefkens, Acting Global Enterprise Services Leader
Services	IT, business consulting and outsourcing services
Revenue	US$24.43 billion (2010)
Employees	136,000
Parent	Hewlett-Packard
Website	HP Enterprise Services (http://www8.hp.com/us/en/business-services/index.html)

Contents

History

On May 13, 2008, Hewlett-Packard Co. confirmed that it had reached a deal with Electronic Data Systems to acquire the company for $13.9 billion.[3] The deal was completed on August 26, 2008. EDS became an HP business unit and was renamed EDS, an HP company.[4] Ronald A. Rittenmeyer, EDS Chairman, President, and CEO, remained at the helm and reported to HP CEO Mark Hurd until his retirement.

As of 23 September 2009, EDS began going to market as HP Enterprise Services, a name change which came one year after HP announced the acquisition of EDS and was a critical milestone as the integration of EDS into HP neared completion.[5]

EDS logo until name change to HP Enterprise Services

Company structure

Revenue sources

For 2006, $9.6 billion of revenue came from the Americas (Canada, Latin America, and the United States); $8 billion from Europe, Middle East, and Africa; $1.5 billion from Asia-Pacific;[citation needed] Services' revenue was: Infrastructure $12 billion, Applications Software $5.9 billion, Business Process Outsourcing $3 billion and all other $421 million.

Locations

HP Enterprise Services Headquarters in Plano, Texas.

HP ES operates in 60 countries, centered in the metropolitan areas of Dallas-Fort Worth; Detroit; Des Moines and Clarion, Iowa; Salt Lake City; Indianapolis; Winchester, Kentucky; Tulsa, Oklahoma; Boise, Idaho; and Northern Virginia in the United States. Other major facilities are in Argentina, Colombia, India, Brazil, Mexico, Canada, Egypt, Germany, the United Kingdom, Australia, New Zealand, Hungary, Spain, Israel, South Africa, Italy and Malaysia.

HPES's Plano, Texas campus is located about 20 miles (32 km) north of downtown Dallas ( ). The campus consists of 3,521,000 square feet (327,100 m^2) of office and data center space on 270 acres (1.1 km^2) of land. It is the center of the 2,665 acres (10.78 km^2) Legacy in Plano[6] real estate development, which EDS built.

Services

HP Enterprise Services catalogs its services into three service portfolios which are,

- Infrastructure Technology Outsourcing (ITO) - includes maintaining the operation of part or all of a client's computer and communications infrastructure, such as networks, mainframes, "midrange" and Web servers, desktops and laptops, and printers.[7]
- Applications Services - involves the developing, integrating, modernizing, and/or maintaining of applications software for clients
- Industry Services, including Business Process Outsourcing (BPO) - addresses the core business challenges of clients in five key industries: healthcare, transportation, communications, government, and financial services, among others. BPO group is an integral part of the portfolio, which involves performing a business function for a client, like payroll, call centers, insurance claims processing, and so forth.

HP Enterprise Services is a key implementer of the "Instant-On Enterprise." This HP Enterprise Business initiative seeks to highlight the fundamental shifts in the way information technology is being used to meet changing business models and the growing role of technology to drive business decisions and help organizations achieve economic

growth, improve efficiency, and to further the development of society through the use of technology. In a larger context, the initiative seeks to help forward-thinking companies and government agencies have a more evolutionary, business-driven approach to how they deliver IT services, including solutions to modernize, transform, secure, and maximize the use of technology.[8]

Partners

HP Enterprise Services regional offices in Tower 100 of the Renaissance Center in Detroit.

HP Enterprise Services has established two levels of business alliances relationships: *Agility Alliances* and *Technology Alliances*.

The Agility Alliance[9] brings together strategic solution providers to build and deliver end to end IT solutions for HP ES customers. The list of partners consists of: Deloitte, KPMG, Microsoft, Oracle Corporation, PricewaterhouseCoopers, SAP, and Symantec.

This effort is supported by the Top Gun Program enabling HP Enterprise Services technical personnel to dedicate 3 months of their time on joint projects with the Agility Alliance partner on a key technology problem, to create an innovative customer solution.

The Technology Alliance[10] brings together technology partners focused on collaborating with HP ES to develop, implement and jointly market services. These technology partners are: Computer Associates, EMC, Intel, Micro Focus, Rochester Institute of Technology, Siemens, Tibco, VMware, and Xerox.

Major clients

HPES's clients are located around the globe and many are very large companies and governments that need services from a company of HP's scale. Some of HPES's largest clients include: American Airlines, Rolls-Royce plc, General Motors, Bank of America, FEMSA, Commonwealth Bank Kraft, United States Navy, the UK Ministry of Defence, IDA, Royal Dutch Shell, and NASA.

- In February 2008, HP Enterprise Services signed a US$1.3 billion contract with the Infocomm Development Authority of Singapore, one of the largest IT projects ever undertaken in Asia. This agreement will help the Singapore government achieve a standard desktop, network and messaging/collaboration environment across its public sector by the end of fiscal year 2010.[11]
- In July 2010, General Motors renewed a multi-year $2 billion contract with HP Enterprise Services to manage its applications and infrastructure. Under the new deal, HP will provide network, workplace, mainframe management, applications and systems integration services for GM's worldwide operations. HP had already been providing most of these services for GM.[12]
- In March 2011, HP Enterprise Services announced that Coca-Cola FEMSA signed a five-year technology outsourcing services contract valued in excess of $100 million to build and manage an HP Converged Infrastructure. This contract will add more than $100 million to HP's existing Coca-Cola FEMSA relationship, which began in 2000. Under the terms of the agreement, HP and Coca-Cola FEMSA will consolidate 348 locations to a single data center in Mexico and migrate business-critical SAP applications as well as server monitoring and management to HP Best Shore locations in Brazil and Argentina.[13]
- In April 2011, HP Enterprise Services announced that it has been chosen for a single-award firm-fixed-

price, indefinite delivery/indefinite quantity contract worth up to $2.5 billion by NASA. As a part of NASA's Agency Consolidated End-User Service (ACES) Program, HP will modernize NASA's entire end-user infrastructure by delivering a full range of personal computing services and devices to more than 60,000 users. The modernization is expected to deliver significant productivity gains and cost savings to NASA.[14]

HP Discover customer event

In 2011, HP Enterprise Business, along with participating independent user groups, combined its annual HP Software Universe, HP Technology Forum and HP Technology@Work into a single event, HP Discover. There will be two HP Discover events annually, one for the Americas and one for Europe, Middle East and Africa (EMEA). HP DISCOVER 2011 Americas is slated for June 6–10, in Las Vegas at the Venetian/Palazzo.[15] The event will offer approximately 200 software-related sessions on application transformation, Converged Infrastructure, information optimization, mobile devices, webOS, global data centers, security, hybrid delivery and cloud computing.[16] HP anticipates approximately 10,000 customers, partners and IT thought leaders will attend HP Discover 2011 in Las Vegas and approximately 5,000 will attend the EMEA event.[17] The Americas conference will have tracks designed for several industries including automotive and aerospace; communications, media & entertainment, energy, financial services, healthcare and life sciences, high tech and electronics, public sector, retail and consumer goods, and transportation and logistics. Nearly 800 sessions, hands-on training and exhibits will feature all areas of the HP Enterprise Business portfolio including servers, storage, networking, software and services.[18]

The HP Discover 2011 event in EMEA is slated to take place in Vienna, Austria, at the Reed Exhibitions, Messe Wien Congress Center, on November 29 through December 1, 2011.[19]

Employee salary cut controversies

- In March 2009, some EDS employees, based in the USA and Puerto Rico, were informed that their salaries would be cut 10% during the April 2009 pay periods, albeit with no reduction to drop a salary below $40,000 a year. This cut is in addition to a 5% cut announced in February and was limited to EDS employees, rather than all of HP. The announcement indicated pay would be restored to the February pay-cut levels (10% for management, 5% for salary employees, 2.5% for hourly workers) in May 2009.[20][21]
- In July 2009, it was announced that HP would be making further "salary adjustments" to their acquired EDS staff, to bring EDS salaries in line with HP salaries. In almost all cases, affected employees were informed that their salaries would be reduced, sometimes 30% or more, within the next 1–2 years. These adjustments would be permanent in nature. HP confirmed the cuts, indicating that 20% of the workforce would be affected.[22]
- On August 13, 2009, the Dallas NBC affiliate reported that EDS employees were being warned not to talk to the media about the salary cuts. These statements, made by Andy Mattes, the senior vice president of EDS Americas, were quoted from a podcast of the town hall and broadcast in the news report. "People have been leaking stuff into the news," Mattes said. "I can only urge you to keep the conversation that we're having here amongst ourselves. The more we can keep it amongst ourselves, the more open we can talk. If we have to get the feeling that everything that we do will show up in the newspapers tomorrow, you'll get whitewashed statements." HP spokesmen confirmed that some jobs would be relocated to other offices in Texas.[23]
- In November 2010, the new HP CEO, Leo Apotheker, announced that HP was giving back the pay cuts

that former CEO Mark Hurd put in place the previous year, returning the 401-(k) to a fixed match, and was increasing funding for employee awards and raises. The "give-back" was strictly on the initial 5% taken, not on any of the additional cuts.[24]

See also

- Top 100 US Federal Contractors

References

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4. ^ "HP Press Release: HP to Acquire EDS for $13.9 Billion" (http://www.hp.com/hpinfo/newsroom/press/2008/080513a.html) . Retrieved 2010-11-29. "EDS - an HP company"
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6. ^ Legacy in Plano (http://www.legacyinplano.com/)
7. ^ Techsoup.com: “Infrastructure Outsourcing. Clear communication and a good working relationship are key.” Michelle Murrain and Douglas Cohen. February 6, 2003. (http://www.techsoup.org/learningcenter/techplan/archives/page9765.cfm)
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14. ^ CRN News: “HP Services Scores $2.5 Billion NASA Deal, SAP Cloud Certification.” Kevin McLaughlin. April 28, 2011. (http://www.crn.com/news/cloud/229402434/hp-services-scores-2-5-billion-nasa-deal-sap-cloud-certification.htm;jsessionid=zO04WUUtj7Ky87LwASzHTQ**.ecappj01)
15. ^ Business Wire: “HP Unveils Premiere Client Event - HP Discover Americas, Nov. 16, 2010 (http://www.businesswire.com/news/home/20101116007511/en/HP-Unveils-Premiere-Client-Event-—HP)
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18. ^ HP Discover 2011 Las Vegas Session Catalog (https://h30496.www3.hp.com/scheduler/catalog.do)
19. ^ Taume.com: “HP Unveils Premier Client Event - HP DISCOVER EMEA.” December 2, 2010. (http://news.taume.com/Technology/Industry/hp-unveils-premier-client-event-hp-discover-emea-18515)
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24. ^ HP Employees Rejoice As New CEO Returns Pay To Previous Levels (http://www.businessinsider.com/hp-employees-rejoice-as-new-ceo-returns-pay-to-previous-levels-2010-11)

External links

- HP Enterprise Services (http://h10134.www1.hp.com/) (official website)

Retrieved from "http://en.wikipedia.org/w/index.php?title=HP_Enterprise_Services&oldid=542567450"
Categories: Companies established in 1962 | Business services companies of the United States | Companies formerly listed on the London Stock Exchange | Computer companies of the United States | Companies based in Plano, Texas | Internet companies of the United States | Open Travel Alliance | International information technology consulting firms | Hewlett-Packard acquisitions | Cloud computing providers

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EXHIBIT E

Mark Lewthwaite Directorship history

Director Summary

Mark Lewthwaite has 54 current or previous company director or secretary appointments.

Short name - Mark Lewthwaite
Year of Birth: 1956

Address

Amen Corner Cain Road
Bracknell
Berkshire
United Kingdom
RG12 1HN

3PAR LIMITED

Appointment Date: 18/10/2010
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

PALM EUROPE LIMITED

Appointment Date: 15/07/2010
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

C/O HEWLETT-PACKARD LTD
CAIN ROAD
BRACKNELL
RG12 1HN
GB

3COM (U.K.) LIMITED

Appointment Date: 04/05/2010
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

3COM EUROPE LIMITED

Appointment Date: 04/05/2010
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

ACS HR SOLUTIONS UK LIMITED

Appointment Date: 02/03/2009
Resignation Date: 31/07/2010
Position: Director
Company Status: **Active**

Address:

160 QUEEN VICTORIA STREET
LONDON
EC4V 4AN
GB

SPIRITGUIDE LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SHL TECHNOLOGY SOLUTIONS LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director

Address:

Company Status: **Active**

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT - PACKARD LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP INFORMATION SECURITY UK LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES UK LTD

Appointment Date: 10/11/2008
Resignation Date: 31/10/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SPIRITMODEL LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE

RG12 1HN
GB

MEDIA ACCOUNTING SERVICES LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD CDS LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

COMPAQ COMPUTER GROUP LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS FINANCE LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN ROAD CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD MANUFACTURING LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

1 GEORGE SQUARE
GLASGOW
G2 1AL
GB

TRANSACTION SYSTEMS LIMITED

Appointment Date: 06/01/2004
Resignation Date: 01/04/2007
Position: Director
Company Status: **Active**

Address:

AFC HOUSE HONEYCROCK LANE
SALFORDS
NR REDHILL
RH1 5LA
GB

GEOBAN UK LIMITED

Appointment Date: 19/12/2003
Resignation Date: 03/08/2005
Position: Director
Company Status: **Active**

Address:

CLEARWATER HOUSE COLUMBIA DRIVE
THORNABY
STOCKTON-ON-TEES
TS17 6BJ
GB

E.D.S. INTERNATIONAL LIMITED

Appointment Date: 14/12/2000
Resignation Date: 26/01/2001
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS UK LIMITED

Appointment Date: 17/03/1999
Resignation Date: 28/04/2000
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES DEFENCE & SECURITY UK LTD

Appointment Date: 17/03/1999
Resignation Date: 01/05/2011
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

NEOWARE UK LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **In Liquidation**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

ARCSIGHT (UK) LIMITED

Appointment Date: 19/11/2010
Resignation Date: 01/05/2011
Position: Director
Company Status: **In Liquidation**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN

GB

EISIS LIMITED

Appointment Date: 27/02/2009
Resignation Date: 31/01/2012
Position: Director
Company Status: **In Liquidation**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SYNSTAR BUSINESS CONTINUITY LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

RELQ EUROPE LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **In Liquidation**

Address:

CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SPARTAN FUNDING COMPANY

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **In Liquidation**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS AFRICA (MUREX) LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **In Liquidation**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS NOMINEES LIMITED

Appointment Date: 18/05/2009
Resignation Date: 30/01/2006
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

LANCARE UK LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

PLANNING CONSULTANCY LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SYSTEMS DESIGNERS LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

CREEKPATH SYSTEMS LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

EDS CREDIT SERVICES LIMITED

Appointment Date: 10/11/2008
Resignation Date: 25/09/2008
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN

GB

EXSTREAM SOFTWARE UK LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

EDS SECRETARIAL SERVICES LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

EYP MISSION CRITICAL FACILITIES (UK) LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EBREVIATE UK LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

KNIGHTSBRIDGE SOLUTIONS (UK) LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

TOWER SOFTWARE (UK) LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYSTEMATICS INTEGRATION LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SCITEX VISION UK LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

OPSWARE UK LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON

EC3V 3BT
GB

COLUBRIS NETWORKS LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

WOLSINGVALE LIMITED

Appointment Date: 10/11/2008
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

STRATAVIA LIMITED

Appointment Date: 22/10/2010
Resignation Date: 01/05/2011
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

3 COM PENSION SCHEME (1996) TRUSTEES LIMITED

Appointment Date: 09/09/2010
Resignation Date: 01/05/2011
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SCICON LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

VISTORM TRUSTEES LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

MERCURY INTERACTIVE (UK) LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Dissolved**

Address:

CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

PEREGRINE SYSTEMS LIMITED

Appointment Date: 10/11/2008
Resignation Date: 16/12/2008
Position: Director
Company Status: **Dissolved**

Address:

THE OLD EXCHANGE
234 SOUTHCHURCH ROAD
SOUTHEND-ON-SEA
SS1 2EG
GB

EDS (ELECTRONIC DATA SYSTEMS) LIMITED

Appointment Date: 10/11/2008
Resignation Date: 01/05/2011
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

DMA BRACKNELL LTD

Appointment Date: 10/11/2008
Resignation Date: 26/08/2010
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

Director History of James Ormrod

EDS FINANCE LIMITED

Appointment Date: 02/03/2009
Resignation Date: 06/03/2009
Position: Director
Company Status: **Active**

Address:

AMEN ROAD CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES DEFENCE & SECURITY UK LTD

Appointment Date: 02/03/2009
Resignation Date: 06/03/2009
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD HOLDINGS LIMITED

Appointment Date: 02/05/2007
Resignation Date: 17/05/2007
Position: Director
Company Status: **Active**

Address:

HEWLETT PACKARD LTD
CAIN ROAD
BRACKNELL
RG12 1HN
GB

HEWLETT-PACKARD (BRACKNELL) HOLDINGS LIMITED

Appointment Date: 02/05/2007
Resignation Date: 17/05/2007
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

COMPAQ COMPUTER HOLDINGS LIMITED

Appointment Date: 20/02/2007
Resignation Date: 12/03/2007
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD EUROPA INVESTMENTS LIMITED

Appointment Date: 17/07/2006
Resignation Date: 14/08/2006
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

COMPAQ COMPUTER UK ENTERPRISE LIMITED

Appointment Date: 17/07/2006
Resignation Date: 14/08/2006
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD UK ENTERPRISES (1) LIMITED

Appointment Date: 17/07/2006
Resignation Date: 14/08/2006
Position: Director
Company Status: **Active**

Address:

CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD CAIN HOLDINGS LIMITED

Appointment Date: 17/07/2006
Resignation Date: 14/08/2006
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD EUROPA INVESTMENTS LIMITED

Appointment Date: 21/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD HOLDINGS LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

HEWLETT PACKARD LTD
CAIN ROAD
BRACKNELL

RG12 1HN
GB

SPIRITGUIDE LIMITED
Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT - PACKARD LIMITED
Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

COMPAQ COMPUTER UK ENTERPRISE LIMITED
Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD (BRACKNELL) HOLDINGS LIMITED
Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD UK ENTERPRISES (1) LIMITED
Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD CAIN HOLDINGS LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SPIRITMODEL LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

COMPAQ COMPUTER HOLDINGS LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD CDS LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

COMPAQ COMPUTER GROUP LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

COMPAQ COMPUTER LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE

RG12 1HN
GB

HEWLETT-PACKARD MANUFACTURING LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Active**

Address:

1 GEORGE SQUARE
GLASGOW
G2 1AL
GB

NEOWARE UK LIMITED

Appointment Date: 01/10/2007
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **In Liquidation**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR INTERNATIONAL LIMITED

Appointment Date: 17/07/2006
Resignation Date: 14/08/2006
Position: Director
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR HOLDINGS LIMITED

Appointment Date: 17/07/2006
Resignation Date: 14/08/2006
Position: Director
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR BUSINESS CONTINUITY LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR INTERNATIONAL LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR HOLDINGS LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

NEOWARE UK HOLDING LIMITED

Appointment Date: 01/10/2007
Position: Company Secretary
Company Status: **Dissolved**

Address:

C/O HEWLETT PACKARD LTD
CAIN ROAD
BRACKNELL
RG12 1HN
GB

APPIQ (UK) LIMITED

Appointment Date: 01/10/2006
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SOURCESPRING LIMITED

Appointment Date: 18/07/2006
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

AXIOM CONNECTION LIMITED

Appointment Date: 18/07/2006
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

OUTERBAY TECHNOLOGIES EUROPE LIMITED

Appointment Date: 06/02/2006
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

PEREGRINE SYSTEMS LIMITED

Appointment Date: 01/01/2006
Position: Company Secretary
Company Status: **Dissolved**

Address:

THE OLD EXCHANGE
234 SOUTHCHURCH ROAD
SOUTHEND-ON-SEA
SS1 2EG
GB

COMPUTER DISASTER RECOVERY EUROPE LIMITED

Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

F.H. COMPUTER SERVICES LIMITED

Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

COMPUTER DISASTER RECOVERY LIMITED

Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON

EC3V 3BT
GB

TANDEM COMPUTERS
Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR EUROPE
Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

NOVADIGM UK LIMITED
Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

CEC EUROPE SERVICE MANAGEMENT LIMITED
Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR STAFF OWNERSHIP PARTICIPATION PLAN LIMITED
Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR COMPUTER SERVICES HOLDINGS LIMITED
Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

Directors and Secretaries

Load Officers

KNOWLEDGE TECHNOLOGY LIMITED

Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR DESKTOP MANAGEMENT LIMITED

Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

DIGITAL EQUIPMENT SCOTLAND

Appointment Date: 14/10/2005
Position: Company Secretary
Company Status: **Dissolved**

Address:

2ND FLOOR FINLAY HOUSE
10-14 WEST NILE STREET
GLASGOW
G1 2PP
GB

EYP MISSION CRITICAL FACILITIES (UK) LIMITED

Appointment Date: 13/02/2008
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

OPSWARE UK LIMITED

Appointment Date: 21/09/2007
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

POLYSERVE LIMITED

Company Accounts:

To view financial summary login

Appointment Date: 03/04/2007
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

KNIGHTSBRIDGE SOLUTIONS (UK) LIMITED

Appointment Date: 01/03/2007
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

MERCURY INTERACTIVE (UK) LIMITED

Appointment Date: 07/11/2006
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

COMPUTER DISASTER RECOVERY EUROPE LIMITED

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

F.H. COMPUTER SERVICES LIMITED

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

TANDEM COMPUTERS

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

NOVADIGM UK LIMITED

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

CEC EUROPE SERVICE MANAGEMENT LIMITED

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR STAFF OWNERSHIP PARTICIPATION PLAN LIMITED

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR DESKTOP MANAGEMENT LIMITED

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

DIGITAL EQUIPMENT SCOTLAND

Appointment Date: 18/08/2006
Resignation Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

2ND FLOOR FINLAY HOUSE
10-14 WEST NILE STREET
GLASGOW
G1 2PP
GB

SCITEX VISION UK LIMITED

Appointment Date: 01/11/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

LANCARE UK LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR COMPUTER SERVICES UK TRUSTEES LIMITED

Appointment Date: 14/10/2005
Resignation Date: 01/12/2009
Position: Company Secretary
Company Status: **Dissolved**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

Directorship history of Stephen Beesley

HP ENTERPRISE SERVICES UK LTD

Appointment Date: 01/11/2006
Resignation Date: 25/09/2008
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

ACS HR SOLUTIONS UK LIMITED

Appointment Date: 01/11/2006
Resignation Date: 31/12/2007
Position: Director
Company Status: **Active**

Address:

160 QUEEN VICTORIA STREET
LONDON
EC4V 4AN
GB

EISIS LIMITED

Appointment Date: 01/11/2006
Resignation Date: 31/01/2012
Position: Director
Company Status: **In Liquidation**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

Directorship history of Mark Lambton

Short name - Mark Lambton
Year of Birth: 1963

Address

8 Broadlands Close
Bentley
Farnham
Surrey
GU10 5LE

COMPAQ COMPUTER UK ENTERPRISE LIMITED

Appointment Date: 21/12/2005
Resignation Date: 22/12/2005
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD UK ENTERPRISES (1) LIMITED

Appointment Date: 21/12/2005
Resignation Date: 22/12/2005
Position: Director
Company Status: **Active**

Address:

CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

COMPAQ COMPUTER HOLDINGS LIMITED

Appointment Date: 21/12/2005
Resignation Date: 22/12/2005
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HEWLETT-PACKARD HOLDINGS LIMITED

Appointment Date: 26/09/2005
Resignation Date: 30/09/2005
Position: Director
Company Status: **Active**

Address:

HEWLETT PACKARD LTD
CAIN ROAD
BRACKNELL
RG12 1HN
GB

HEWLETT-PACKARD (BRACKNELL) HOLDINGS LIMITED

Appointment Date: 26/09/2005
Resignation Date: 30/09/2005
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SYNSTAR INTERNATIONAL LIMITED

Appointment Date: 21/12/2005
Resignation Date: 22/12/2005
Position: Director
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

SYNSTAR HOLDINGS LIMITED

Appointment Date: 21/12/2005
Resignation Date: 22/12/2005
Position: Director
Company Status: **In Liquidation**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD
BRACKNELL
RG12 1HN
GB

CULLERCOATS ENTERPRISE LTD

Appointment Date: 28/09/2010
Position: Director
Company Status: **Dissolved**

Address:

UNIT 15 THOMPSON ROAD
WHITEHILLS BUSINESS PARK
BLACKPOOL
FY4 5PN
GB

POLYSERVE LIMITED

Appointment Date: 03/04/2007
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

APPIQ (UK) LIMITED

Appointment Date: 01/10/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SOURCESPRING LIMITED

Appointment Date: 18/07/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

AXIOM CONNECTION LIMITED

Appointment Date: 18/07/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

OUTERBAY TECHNOLOGIES EUROPE LIMITED

Appointment Date: 06/02/2006
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR EUROPE

Appointment Date: 25/02/2005
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

COMPUTER DISASTER RECOVERY EUROPE LIMITED

Appointment Date: 22/11/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

COMPUTER DISASTER RECOVERY LIMITED

Appointment Date: 22/11/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR STAFF OWNERSHIP PARTICIPATION PLAN LIMITED

Appointment Date: 22/11/2004
Position: Director

Address:

Company Status: **Dissolved**

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR COMPUTER SERVICES HOLDINGS LIMITED

Appointment Date: 22/11/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

KNOWLEDGE TECHNOLOGY LIMITED

Appointment Date: 22/11/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

SYNSTAR DESKTOP MANAGEMENT LIMITED

Appointment Date: 22/11/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

CEC EUROPE SERVICE MANAGEMENT LIMITED

Appointment Date: 02/08/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

NOVADIGM UK LIMITED

Appointment Date: 01/06/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

F.H. COMPUTER SERVICES LIMITED

Appointment Date: 14/05/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

TANDEM COMPUTERS

Appointment Date: 14/05/2004
Position: Director
Company Status: **Dissolved**

Address:

32 CORNHILL
LONDON
EC3V 3BT
GB

DIGITAL EQUIPMENT SCOTLAND

Appointment Date: 14/05/2004
Position: Director
Company Status: **Dissolved**

Address:

2ND FLOOR FINLAY HOUSE
10-14 WEST NILE STREET
GLASGOW
G1 2PP
GB

SYNSTAR COMPUTER SERVICES UK TRUSTEES LIMITED

Appointment Date: 22/11/2004
Resignation Date: 22/03/2005
Position: Director
Company Status: **Dissolved**

Address:

C/O HEWLETT PACKARD LIMITED
AMEN CORNER CAIN ROAD

BRACKNELL
RG12 1HN
GB

Directorship History of Shaun Poole

Director Summary

Short name - Shaun Poole
Year of Birth: 1964

Address

3 Portland Park
Gerrards Cross
Buckinghamshire
SL9 7PX

EDS TRUSTEE LIMITED

Appointment Date: 02/08/2007
Resignation Date: 24/09/2010
Position: Director
Company Status: **Active**

Address:

HP CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

MEDIA ACCOUNTING SERVICES LIMITED

Appointment Date: 20/08/2003
Resignation Date: 03/07/2007
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES UK LTD

Appointment Date: 30/06/2003
Resignation Date: 25/09/2008
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS FINANCE LIMITED

Appointment Date: 30/06/2003
Resignation Date: 20/04/2007
Position: Director
Company Status: **Active**

Address:

AMEN ROAD CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES DEFENCE & SECURITY UK LTD

Appointment Date: 30/06/2003
Resignation Date: 03/07/2007
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS 1994 TRUSTEE LIMITED

Appointment Date: 02/08/2007
Resignation Date: 24/09/2010
Position: Director
Company Status: **In Liquidation**

Address:

HP CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EISIS LIMITED

Appointment Date: 15/11/2004
Resignation Date: 03/07/2007
Position: Director
Company Status: **In Liquidation**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

A&O SYSTEMS + SERVICES UK LIMITED

Appointment Date: 15/06/2004
Resignation Date: 22/10/2006
Position: Director
Company Status: **In Liquidation**

Address:

3 FIELD COURT
GRAY'S INN
LONDON
WC1R 5EF
GB

SYSTEMS PROGRAMMING (SCOTLAND) LIMITED

Appointment Date: 03/12/2004
Position: Director
Company Status: **Dissolved**

Address:

WOODHILL HOUSE
WESTBURN ROAD
ABERDEEN
AB16 5GB
GB

EDS NOMINEES LIMITED

Appointment Date: 30/06/2003
Resignation Date: 03/07/2007
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

Sean Francis Finnan

Director Summary

Sean Francis Finnan has 8 current or previous company director or secretary appointments.

Short name - Sean Finnan
Director ID : 908821657
Year of Birth: 1961

Address

St Johns Waterloo
Waterloo Road
London
SE1 8TY

E.D.S. INTERNATIONAL LIMITED

Appointment Date: 03/11/2006
Resignation Date: 31/01/2007
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES UK LTD

Appointment Date: 30/04/2003
Resignation Date: 25/09/2008
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES DEFENCE & SECURITY UK LTD

Appointment Date: 30/04/2003
Resignation Date: 27/02/2009
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

INFORMATION TECHNOLOGY TELECOMMUNICATIONS AND ELECTRONICS ASSOCIATION

Appointment Date: 07/11/2002
Resignation Date: 06/07/2012
Position: Director
Company Status: **Active**

Address:

RUSSELL SQUARE HOUSE
10-12 RUSSELL SQUARE
LONDON
WC1B 5EE
GB

EISIS LIMITED

Appointment Date: 16/02/2007
Resignation Date: 09/04/2009
Position: Director
Company Status: **In Liquidation**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

A&O SYSTEMS + SERVICES UK LIMITED

Appointment Date: 01/02/2003
Resignation Date: 21/02/2006
Position: Director
Company Status: **In Liquidation**

Address:

3 FIELD COURT
GRAY'S INN
LONDON
WC1R 5EF
GB

EDS NOMINEES LIMITED

Appointment Date: 30/04/2003
Resignation Date: 27/02/2009
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

Sir Robert Fry

Director Summary

Robert Alan Fry KCB CBE has 9 current or previous company director or secretary appointments. Year of Birth: 1951

Address

Sherborne
Dorset
DT9 3QN

SHERBORNE SCHOOL FOR GIRLS

Appointment Date: 01/09/2012
Position: Director
Company Status: **Active**

Address:

SHERBORNE
DORSET
DT9 3QN
GB

MELROSE CONSULTANCY LIMITED

Appointment Date: 29/03/2010
Position: Director
Company Status: **Active**

Address:

77A CHEAP STREET
SHERBORNE
DORSET
DT9 3BA
GB

MCKINNEY ROGERS INTERNATIONAL LIMITED

Appointment Date: 29/01/2010
Resignation Date: 28/01/2010
Position: Director
Company Status: **Active**

Address:

7 HANOVER SQUARE
LONDON
W1S 1HQ
GB

SHERBORNE COMMUNITY ARTS CENTRE TRUST

Appointment Date: 25/11/2009
Position: Director
Company Status: **Active**

Address:

THE MANOR HOUSE
NEWLAND
SHERBORNE
DT9 3JL
GB

VICTORY (SERVICES) ASSOCIATION LIMITED(THE)

Appointment Date: 30/06/2009
Position: Director
Company Status: **Active**

Address:

63/79 SEYMOUR STREET,
LONDON
W2 2HF
GB

HELP FOR HEROES

Appointment Date: 08/06/2009
Position: Director
Company Status: **Active**

Address:

STEYNINGS HOUSE
SUMMERLOCK APPROACH
SALISBURY
SP2 7RJ
GB

HP ENTERPRISE SERVICES UK LTD

Appointment Date: 12/05/2008
Resignation Date: 25/09/2008
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES DEFENCE &

SECURITY UK LTD

Appointment Date: 24/04/2008
Resignation Date: 31/03/2010
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

SHERBORNE COMMUNITY ARTS TRUST

Appointment Date: 09/11/2009
Position: Director
Company Status: **Dissolved**

Address:

THE MANOR HOUSE
NEWLAND
SHERBORNE
DT9 3JL
GB

Bill Thomas Directorship History

Director Summary

William Gennydd Thomas has 10 current or previous company director or secretary appointments.

Short name - William Thomas
Director ID : 914119441
Year of Birth: 1959

Address

Hopton Hall Hopton
Wirksworth
Matlock
Derbyshire
DE4 4DF

THE INVICTA FILM PARTNERSHIP, LLP

Appointment Date: 14/11/2001
Position: LLP Member
Company Status: **Active**

Address:

1 FLEET PLACE
LONDON
EC4M 7WS
GB

E.D.S. INTERNATIONAL LIMITED

Appointment Date: 03/11/2006
Resignation Date: 25/09/2008
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES UK LTD

Appointment Date: 25/01/2001
Resignation Date: 25/09/2008
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

MEDIA ACCOUNTING SERVICES LIMITED

Appointment Date: 07/12/2000
Resignation Date: 14/04/2003
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

HP ENTERPRISE SERVICES DEFENCE & SECURITY UK LTD

Appointment Date: 30/11/2000
Resignation Date: 30/10/2009
Position: Director
Company Status: **Active**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS FINANCE LIMITED

Appointment Date: 31/10/2000
Resignation Date: 25/09/2008
Position: Director
Company Status: **Active**

Address:

AMEN ROAD CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

TRANSACTION SYSTEMS LIMITED

Appointment Date: 01/07/2000
Resignation Date: 01/11/2001
Position: Director
Company Status: **Active**

Address:

AFC HOUSE HONEYCROCK LANE
SALFORDS
NR REDHILL
RH1 5LA
GB

SOCIETY OF BRITISH AEROSPACE COMPANIES (THE)

Appointment Date: 23/04/1997
Resignation Date: 26/04/2000
Position: Director
Company Status: **Active**

Address:

SALAMANCA SQUARE
9 ALBERT EMBANKMENT
LONDON
SE1 7SP
GB

EDS CREDIT SERVICES LIMITED

Appointment Date: 02/05/2001
Resignation Date: 04/12/2001
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EDS NOMINEES LIMITED

Appointment Date: 01/12/2000
Resignation Date: 18/05/2009
Position: Director
Company Status: **Dissolved**

Address:

AMEN CORNER CAIN ROAD
BRACKNELL
BERKSHIRE
RG12 1HN
GB

EXHIBIT F

EXHIBIT G

HP merges services, high-end computing units

By Ed Frauenheim
Staff Writer, CNET News

Hewlett-Packard has completed a merger of its services and high-end computing divisions, with services chief Ann Livermore taking the reins of the new, larger unit.

HP had given itself until the end of October to finish the planned reorganization, but Livermore said Tuesday that she now heads the new Technology Solutions Group. That division includes HP's 65,000-person services unit as well as the company's server computer, storage and software businesses. Together, the businesses making up the new unit accounted for about $28 billion of revenue in HP's last fiscal year. The company's total revenue for the year ended Oct. 31, 2003, was roughly $73 billion.

HP made the organizational switch to package its products more effectively for clients, Livermore said. "It's entirely driven by customers," she said. "They want an integrated solution to solve a problem."
The shift, officially completed May 1, means different responsibilities for Peter Blackmore, who had headed HP's enterprise systems business. He now is in charge of sales to enterprise customers, small and midsize businesses and public-sector clients, Livermore said.

Both Blackmore and Livermore will continue to report directly to CEO Carly Fiorina.

Gordon Haff, an analyst at research firm Illuminata, suggested that the consolidation of units may create some sales opportunities for HP, but it also means that the services business will appear less independent to customers. IBM's services unit, by contrast, remains a separate division, he noted. "It makes it difficult for HP services to go in there and say, 'We'll help you select the best systems for your problem, no matter whom they come from,'" Haff said.
Livermore said HP is a leader in servers, storage, software and services. For example, HP isNo. 2 in server sales and No. 2 in sales of a key class of data storage gear, according to research firm Gartner.

HP's restructuring amounts to a significant promotion for Livermore, whose services group accounted for $12.3 billion in revenue in the company's last fiscal year.
Livermore had been considered the top pick, when HP looked to replace its CEO in 1999. Instead, the company chose Fiorina, who was president of Lucent Technologies' Global Service Provider business.

EXHIBIT H

2010
HP ANNUAL REPORT

A LETTER FROM THE CEO

Léo Apotheker
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

DEAR FELLOW STOCKHOLDERS,

I want all of you to know how honored I am to lead this great company and how excited I am about the opportunities that lie ahead. HP is the world's largest information technology company, which is impressive. However, even more impressive is what that scale means—the innovation we can drive into the marketplace, the breadth and depth of our portfolio, the expanse of our global reach, the talent and dedication of our more than 300,000 people, the solutions we can bring to our customers, the value we can create for our stockholders, and the impact we can have on the world.

In fiscal 2010, as HP navigated a fragile economic recovery, all of these advantages were clearly evident. HP rebounded powerfully from the recessionary conditions of the prior year and reported growth in each reported business segment and in each of our three geographic regions. Our people remained focused on delivering for our customers and executing for our stockholders.

For the year, we delivered:

- Net revenue of $126 billion, up 10 percent year-over-year
- GAAP operating profit of $11.5 billion, up 13 percent year-over-year
- GAAP diluted earnings per share of $3.69, up 18 percent year-over-year
- Non-GAAP operating profit of $14.4 billion, up 14 percent year-over-year*
- Non-GAAP diluted earnings per share of $4.58, up 19 percent year-over-year*

A POWERFUL PERFORMANCE ACROSS BUSINESSES AND GEOGRAPHIES

HP once again demonstrated the power of our diversification by performing across economic cycles. You will remember that during the worst of the 2009 recession, it was the strength of our resilient businesses such as supplies and services that helped preserve revenue and earnings. In fiscal 2010, we benefited from a technology refresh in commercial enterprises, and it was our product businesses that drove growth and margin expansion.

HP's Enterprise Business grew 7 percent year-over-year, led by 21 percent growth in Enterprise Storage and Servers. Industry Standard Servers, Blade Servers, and BladeSystem Matrix products continue to lead their categories with exceptional growth. In networking, we gained momentum throughout the year, culminating in 227 percent year-over-year growth in the fourth quarter, aided by the acquisition of 3Com Corporation and more than 50 percent growth in our ProCurve networking products. Services and Software held steady, growing roughly at market. As HP moves increasingly to deliver more solutions, we expect to scale our services and software businesses more rapidly.

In the Personal Systems Group, we demonstrated the strength of our balanced portfolio with growth in both commercial and consumer sectors. Overall, revenues grew 15 percent year-over-year and operating margins increased. In a very competitive environment, we did a good job of maintaining our No. 1 position in worldwide market share, as well as healthy average selling prices. We continue to differentiate through strong design and an outstanding customer experience across a full line of offerings that range from high-end gaming PCs to sleek, powerful notebooks to fashion-inspired netbooks and innovative smartphones.

In the Imaging and Printing Group, a similar pattern emerged with growth in commercial and consumer sectors. For the year, IPG grew 7 percent over fiscal 2009 levels, while still delivering more than 17 percent operating profit. At the end of fiscal 2009, we committed to placing more units and regaining share in 2010.

For the full year, we grew units by 13 percent, growing LaserJet by 20 percent and Inkjet by 11 percent. Strong customer response to our new line of innovative web-connected printers helped us grow revenues and maintain attractive margins. Our growth initiatives in commercial print, graphics, and retail publishing also continued to gain solid traction with major new customer engagements and thousands of high-profile retail publishing solution placements. Billions of pages a year are moving from analog to digital, and we are exceptionally well-positioned with leading intellectual property to capture these high-value pages.

From a regional perspective, we saw a broad-based global recovery with growth of 11 percent in the Americas; 7 percent in Europe, the Middle East, and Africa; and 16 percent in Asia Pacific and Japan. Going forward, we are focused on moving beyond being a multinational company to being a truly global one with both deep local expertise and a comprehensive world view that brings the full value of HP to all customers.

INVESTING TO LEAD THE EVOLUTION OF THE INDUSTRY

Powerful trends and a wave of innovation are rapidly changing the technology landscape. At HP, we are investing to lead the evolution of the industry, and we continued to build our portfolio throughout the year. In fact, HP had the largest and best product releases in its history in fiscal 2010, from the data center to the cloud and from PCs to printers. With Superdome 2, we added a powerful new solution for business-critical systems.

POWERFUL TRENDS AND A WAVE OF INNOVATION ARE RAPIDLY CHANGING THE TECHNOLOGY LANDSCAPE. AT HP, WE ARE INVESTING TO LEAD THE EVOLUTION OF THE INDUSTRY, AND WE CONTINUED TO BUILD OUR PORTFOLIO THROUGHOUT THE YEAR.

BladeSystem Matrix and Virtual Connect significantly advance our strategy for converged and cloud-based infrastructures. Our ProLiant G7 servers deliver vastly improved performance, a much lower cost of ownership, and a return on investment measured in months. CloudStart helps clients quickly and easily realize the benefits of cloud computing. StoreOnce provides deduplication technology that comes straight out of HP Labs. In PCs and printers, TouchSmart and ePrint are redefining how we interact with technology and how we share the experiences of our life and work.

We are also continuing to build our portfolio through acquisitions, and the marketplace offered several strategic opportunities in fiscal 2010. With the acquisition of Palm, Inc., we added the most modern operating system in the market, positioning HP to drive innovation into the fast-growing area of connected mobility. In an increasingly mobile and cloud-based environment, security and storage solutions are critical for our customers. We are building out a security offering, helped by the recent acquisitions of ArcSight, Inc.; Fortify Software Inc.; and 3Com's TippingPoint business. In addition, our recent acquisition of 3PAR Inc. provided essential storage technology for high-end and cloud environments. At the foundation of the data center, enterprises are embracing converged infrastructure that is flexible, scalable, and shareable. With our acquisition of 3Com, we filled out our networking portfolio to deliver unmatched capacity, efficiency, and value. With HP, customers can realize tomorrow's next-generation converged infrastructure today.

FISCAL 2011 PRIORITIES

As we look to fiscal 2011, HP will continue to move aggressively to drive growth, expand margins, and deliver unparalleled value to our customers and stockholders.

We expect to grow by investing in portfolio enhancements and acquisitions, by covering more of the market with our sales force and channel partners, and by expanding that coverage more aggressively into high-growth emerging economies. Additionally, we plan increased investments in innovation. Over the last few years, we have rationalized our research and development spend, reduced inefficiency, and focused more acutely on practical applications, while at the same time delivering industry-leading products and technologies. Looking ahead, we will continue to speed the innovation cycle and deliver new technologies to market at scale with impact.

Our focus on margin expansion will also continue in the year ahead. We do this by increasing gross margins through a more profitable business mix and through efficiencies. In a company of HP's size, there are always opportunities to achieve a higher level of efficiency, and major initiatives in our supply chain operations, real estate portfolio, and service delivery model are expected to have a positive impact on our operating leverage in fiscal 2011.

We expect HP to continue moving up the technology stack into higher margin categories. By further developing our intellectual property portfolio, we plan to differentiate HP and leverage the enormous power, scale, and breadth of our market-leading products across the data center, printing, PCs, and mobile devices. This is the key to making HP the leading provider of strategic solutions that address our customers' biggest challenges.

AN EXTRAORDINARY OPPORTUNITY AHEAD

Since joining HP, I have been impressed with our financial strength, the breadth and quality of our portfolio, and the commitment and talent of our people. These are significant competitive advantages that position us to lead the industry and win in the marketplace. However, for all we have accomplished, I believe that our greatest opportunities lie ahead.

In the 21st century, information is the world's most valuable resource. At the heart of this evolution, information technology has expanded from a tool for productivity into tools for communication and collaboration, and today, information technology is rapidly becoming the fabric of society. Data flows from people to people, people to machines, machines to machines, and back again. Bits and bytes are the universal currency. As a result, our needs, our expectations, and our opportunities are changing.

The coming together of mobility and cloud computing puts your life and your business in the palm of your hand. Anywhere in the world, whether you are an individual, an employee, or a CEO, you expect your information *on*—across devices, screens, pages, and locations. This expectation is reshaping businesses and governments. Instant-On Enterprises are embedding technology into everything they do so their most important asset—information—is available in an instant, helping drive efficiency and spark innovation. Collectively, the right information at the right place at the right time can significantly increase the positive impact we have on our most vital issues, like improving healthcare, increasing access to education, and preserving the environment.

At HP, our mission is to innovate at every touchpoint of information—from creation to capture, from management to delivery, and all the collaboration that goes on in between. We create the solutions that transform data into value, bytes into experiences, and noise into knowledge. We drive that innovation at an unmatched scale to advance human progress.

A woman in Ghana can have a face-to-face conversation with her daughter in France or authenticate her mother's medication with a simple text message sent to the cloud. A fast-growing bank in India can delight customers with anytime, anywhere services. Or a start-up new media company in Canada can redefine journalism with on-demand, professional-quality publishing. Governments can anticipate threats while respecting the privacy of their citizens, build intelligent infrastructures to manage scarce resources, and reinvent vital services for growing urban and aging populations. The expanding global middle class can fully participate in the information economy, and the door of opportunity can open to the nearly 7 billion people in the global community.

At HP, we are well-positioned to create value for our customers and stockholders. The role of technology is becoming increasingly fundamental to the workings of our global society, and we are harnessing the power of information to improve the way people live, businesses operate, and the world works.

Best Regards,

Léo Apotheker
President and Chief Executive Officer

*Fiscal year 2010 non-GAAP financial information excludes $2.1 billion of adjustments on an after-tax basis, or $0.89 per diluted share, related primarily to the amortization of purchased intangible assets, restructuring charges, and acquisition-related charges. HP's management uses non-GAAP operating profit and non-GAAP diluted earnings per share (EPS) to evaluate and forecast HP's performance before gains, losses, or other charges that are considered by HP's management to be outside of HP's core business segment operating results. HP believes that presenting non-GAAP operating profit and non-GAAP diluted EPS, in addition to GAAP operating profit and GAAP diluted EPS, provides investors with greater transparency to the information used by HP's management in its financial and operational decision making. HP further believes that providing this additional non-GAAP information helps investors understand HP's operating performance and evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance. This additional non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP operating profit and GAAP diluted EPS.

MEMBERS OF THE BOARD

As of December 31, 2010

Marc L. Andreessen
DIRECTOR SINCE 2009
Mr. Andreessen is co-founder and a general partner of Andreessen Horowitz, a venture capital firm founded in July 2009, and co-founder and Chairman of Ning, Inc., an online platform for people to create their own social networks. From 1999 to July 2007, Mr. Andreessen served as Chairman of Opsware, Inc., a software company that he co-founded. From March to September 1999, Mr. Andreessen served as Chief Technology Officer of America Online, Inc., a software company. Mr. Andreessen co-founded Netscape Communications Corporation, a software company, and served in various positions, including Chief Technology Officer and Executive Vice President of Products, from 1994 to 1999. Mr. Andreessen also is a director of eBay Inc. and several private companies.

Léo Apotheker
DIRECTOR SINCE 2010
Mr. Apotheker has served as HP's President and Chief Executive Officer and as a member of HP's Board of Directors since November 2010. Mr. Apotheker served as Chief Executive Officer of SAP AG, a software company, from June 2009 until February 2010 after having served as co-Chief Executive Officer of SAP from April 2008 to May 2009. Previously, Mr. Apotheker served as worldwide Chairman of Customer Solutions and Operations for SAP from 2002 until April 2008. Mr. Apotheker occupied various other positions at SAP after joining the company in 1995, including Chairman of SAP EMEA from 1999 to 2002; Chairman of SAP for the South-West Europe Region from 1997 to 1999; and CEO of SAP France and SAP Belgium from 1995 to 1997. Mr. Apotheker also is Vice Chairman of the supervisory board of Schneider Electric SA.

Lawrence T. Babbio, Jr.
DIRECTOR SINCE 2002
Mr. Babbio has served as Senior Advisor to Warburg Pincus, a private equity firm, since June 2007. Previously, Mr. Babbio served as Vice Chairman and President of Verizon Communications, Inc., a telecommunications company, from 2000 until his retirement in April 2007. Mr. Babbio also served as Vice Chairman of Bell Atlantic Corporation, a telecommunications company, from 1995 until the formation of Verizon through the merger of Bell Atlantic and GTE Corporation, another telecommunications company, in 2000; as Executive Vice President and Chief Operating Officer of Bell Atlantic from 1994 to 1995; and as Chairman, Chief Executive Officer and President of Bell Atlantic Enterprises International, Inc. from 1991 to 1994.

Sari M. Baldauf
DIRECTOR SINCE 2006
Ms. Baldauf served as Executive Vice President and General Manager of the Networks business group of Nokia Corporation, a communications company, from 1998 until February 2005. She previously held various positions at Nokia since joining the company in 1983, including Executive Vice President of Nokia, Asia-Pacific from 1997 to 1998 and President of Nokia Cellular Systems from 1988 to 1996. Ms. Baldauf also was a member of the Executive Board of Nokia from 1994 until January 2005. Ms. Baldauf serves as a director of Daimler AG and three companies headquartered in Finland.

Rajiv L. Gupta
DIRECTOR SINCE 2009
Mr. Gupta has served as Chairman of Avantor Performance Materials, a manufacturer of chemistries and materials, since August 2010 and as Senior Advisor to New Mountain Capital, LLC, a private equity firm, since July 2009. Previously, Mr. Gupta served as Chairman and Chief Executive Officer of Rohm and Haas Company, a worldwide producer of specialty materials, from 1999 to April 2009. Mr. Gupta occupied various other positions at Rohm and Haas after joining the company in 1971, including Vice Chairman from 1998 to 1999; Director of the Electronic Materials business from 1996 to 1999; and Vice President and Regional Director of the Asia-Pacific Region from 1993 to 1998. Mr. Gupta also is a director of Tyco International Ltd., The Vanguard Group, and several private companies.

John H. Hammergren
DIRECTOR SINCE 2005
Mr. Hammergren has served as Chairman of McKesson Corporation, a healthcare services and information technology company, since 2002 and as President and Chief Executive Officer of McKesson since 2001. Mr. Hammergren joined McKesson in 1996 and held a number of management positions before becoming President and Chief Executive Officer. Mr. Hammergren also is a director of Nadro, S.A. de C.V. (Mexico).

Joel Z. Hyatt
DIRECTOR SINCE 2007
Mr. Hyatt has served as Vice Chairman of Current Media, LLC, a cable and satellite television company, since July 2009. Previously, Mr. Hyatt served as Chief Executive Officer of Current Media from 2002 until July 2009. From 1998 to 2003, Mr. Hyatt was a Lecturer in Entrepreneurship at the Stanford University Graduate School of Business. Previously, Mr. Hyatt was the founder and Chief Executive Officer of Hyatt Legal Plans, Inc., a provider of employer-sponsored group legal plans.

John R. Joyce
DIRECTOR SINCE 2007
Mr. Joyce has served as Vice Chairman and Chief Financial Officer of Silver Spring Networks, Inc., a utility networking solutions company, since September 2010. Previously, Mr. Joyce served as a managing director of Silver Lake, a private equity firm, from July 2005 until March 2010. Prior to joining Silver Lake, Mr. Joyce served in multiple roles during a 30-year career at International Business Machines Corporation, a global technology company, including Senior Vice President and Group Executive of the IBM Global Services division; Chief Financial Officer; President, IBM Asia Pacific; and Vice President and Controller for IBM's global operations. From 2005 to 2010, Mr. Joyce served as a director of Avago Technologies Limited and Gartner, Inc.

Raymond J. Lane
DIRECTOR SINCE 2010
Mr. Lane has served as HP's non-executive Chairman since November 2010. Mr. Lane has served as Managing Partner of Kleiner Perkins Caufield & Byers, a private equity firm, since 2000. Prior to joining Kleiner Perkins, Mr. Lane was President and Chief Operating Officer and a director of Oracle Corporation, a software company. Before joining Oracle in 1992, Mr. Lane was a senior partner of Booz Allen Hamilton, a consulting company. Prior to Booz Allen Hamilton, Mr. Lane served as a division vice president with Electronic Data Systems Corporation, an IT services company that HP acquired in August 2008. Mr. Lane also is a director of Quest Software, Inc. and several private companies.

Robert L. Ryan
DIRECTOR SINCE 2004
Mr. Ryan served as Senior Vice President and Chief Financial Officer of Medtronic, Inc., a medical technology company, from 1993 until his retirement in May 2005. Previously, Mr. Ryan held various positions with Union Texas Petroleum Corp., a petroleum products company, from 1982 to 1993, including Vice President, Finance, and Chief Financial Officer; Controller; and Treasurer. From 1996 to 2008, Mr. Ryan served as a director of UnitedHealth Group Incorporated. Mr. Ryan also is a director of General Mills, Inc.; Stanley Black & Decker, Inc.; and Citigroup, Inc.

Lucille S. Salhany
DIRECTOR SINCE 2002
Ms. Salhany has served as President and Chief Executive Officer of JHMedia, a consulting company, since 1997. Since 2003, she has been a partner and director of Echo Bridge Entertainment, an independent film distribution company. From 1999 to 2002, she was President and Chief Executive Officer of LifeFX Networks, Inc., a communications software company, which filed for federal bankruptcy protection in May 2002. Previously, Ms. Salhany served as President and Chief Executive Officer of United Paramount Network, a television network, from 1994 until 1997. From 1993 to 1994, she served as Chairman of Fox Broadcasting Company and also was a director of Fox Inc.

G. Kennedy Thompson
DIRECTOR SINCE 2006
Mr. Thompson has served as Senior Advisor to Aquiline Capital Partners LLC, a private equity firm, since May 2009. Previously, Mr. Thompson served as Chairman of Wachovia Corporation, a financial services company, from 2003 until June 2008. Mr. Thompson also served as Chief Executive Officer of Wachovia, formerly First Union Corporation, from 2000 until June 2008 and as President from 1999 until June 2008. Previously at First Union, Mr. Thompson served as Chairman for a portion of 2001; Vice Chairman from 1998 to 1999; and Executive Vice President from 1996 to 1998.

HP EXECUTIVE TEAM

As of December 31, 2010

Léo Apotheker
President and
Chief Executive Officer

Peter J. Bocian
Executive Vice President and
Chief Administrative Officer

R. Todd Bradley
Executive Vice President,
Personal Systems Group

Michael J. Holston
Executive Vice President,
General Counsel and Secretary

Vyomesh I. Joshi
Executive Vice President,
Imaging and Printing Group

Catherine A. Lesjak
Executive Vice President
and Chief Financial Officer

Ann M. Livermore
Executive Vice President,
HP Enterprise Business

Randall D. Mott
Executive Vice President and
Chief Information Officer

Marcela Perez de Alonso
Executive Vice President,
Human Resources

Shane V. Robison
Executive Vice President
and Chief Strategy and
Technology Officer

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that involve risks, uncertainties, and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett-Packard Company and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, earnings, earnings per share, the impact of acquisitions, or other financial items; any statements of the plans, strategies, and objectives of management for future operations; any statements concerning the expected development, performance, or market share relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties, and assumptions include the impact of macroeconomic and geopolitical trends and events; the competitive pressures faced by HP's businesses; the development and transition of new products and services (and the enhancement of existing products and services) to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers, and partners; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; integration and other risks associated with business combination and investment transactions; the hiring and retention of key employees; assumptions related to pension and other post-retirement costs; expectations and assumptions relating to the execution and timing of cost reduction programs and restructuring plans; the resolution of pending investigations, claims, and disputes; and other risks that are described in HP's filings with the Securities and Exchange Commission, including but not limited to HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2010, which is included as part of this document. HP assumes no obligation and does not intend to update these forward-looking statements.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended October 31, 2010

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-4423

HEWLETT-PACKARD COMPANY
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**94-1081436** (I.R.S. employer identification no.)
3000 Hanover Street, Palo Alto, California (Address of principal executive offices)	**94304** (Zip code)

Registrant's telephone number, including area code: **(650) 857-1501**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates was $121,784,010,000 based on the last sale price of common stock on April 30, 2010.

The number of shares of HP common stock outstanding as of November 30, 2010 was 2,190,425,610 shares.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT DESCRIPTION	10-K PART
Portions of the Registrant's proxy statement related to its 2011 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days after Registrant's fiscal year end of October 31, 2010 are incorporated by reference into Part III of this Report.	III

Hewlett-Packard Company

Form 10-K

For the Fiscal Year Ended October 31, 2010

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Forward-Looking Statements

This Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett-Packard Company and its consolidated subsidiaries ("HP") may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, earnings, earnings per share, tax provisions, cash flows, benefit obligations, share repurchases, currency exchange rates, the impact of acquisitions or other financial items; any statements of the plans, strategies and objectives of management for future operations, including execution of cost reduction programs and restructuring plans; any statements concerning the expected development, performance or market share relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the impact of macroeconomic and geopolitical trends and events; the competitive pressures faced by HP's businesses; the development and transition of new products and services (and the enhancement of existing products and services) to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers and partners; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; integration and other risks associated with business combination and investment transactions; the hiring and retention of key employees; assumptions related to pension and other post-retirement costs; expectations and assumptions relating to the execution and timing of cost reduction programs and restructuring plans; the resolution of pending investigations, claims and disputes; and other risks that are described herein, including but not limited to the items discussed in "Risk Factors" in Item 1A of this report, and that are otherwise described or updated from time to time in HP's Securities and Exchange Commission reports. HP assumes no obligation and does not intend to update these forward-looking statements.

PART I

ITEM 1. Business.

HP is a leading global provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses ("SMBs") and large enterprises, including customers in the government, health and education sectors. Our offerings span:

- multi-vendor customer services, including infrastructure technology and business process outsourcing, technology support and maintenance, application development and support services and consulting and integration services;
- enterprise information technology infrastructure, including enterprise storage and server technology, networking products and solutions, information management software and software that optimizes business technology investments;
- personal computing and other access devices; and
- imaging and printing-related products and services.

HP was incorporated in 1947 under the laws of the State of California as the successor to a partnership founded in 1939 by William R. Hewlett and David Packard. Effective in May 1998, we changed our state of incorporation from California to Delaware.

HP Products and Services; Segment Information

Our operations are organized into seven business segments: Services, Enterprise Storage and Servers ("ESS"), HP Software, the Personal Systems Group ("PSG"), the Imaging and Printing Group ("IPG"), HP Financial Services ("HPFS"), and Corporate Investments. Services, ESS and HP Software are reported collectively as a broader HP Enterprise Business. While the HP Enterprise Business is not an operating segment, we sometimes provide financial data aggregating the segments within it in order to provide a supplementary view of our business. In each of the past three fiscal years, notebooks, desktops and printing supplies each accounted for more than 10% of our consolidated net revenue. In fiscal 2009 and 2010, infrastructure technology outsourcing also accounted for more than 10% of our consolidated net revenue.

A summary of our net revenue, earnings from operations and assets for our segments and business units is found in Note 19 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. A discussion of factors potentially affecting our operations is set forth in "Risk Factors" in Item 1A, which is incorporated herein by reference.

HP Enterprise Business

The HP Enterprise Business provides servers, storage, software and information technology ("IT") services that enable enterprise and midmarket business customers to better manage their current IT environments and transform IT into a business enabler. HP Enterprise Business products, software and services help accelerate growth, minimize risk and reduce costs to optimize the business value of customers' IT investments. Companies around the globe leverage HP's infrastructure solutions to deploy next generation data centers and address business challenges ranging from compliance to business continuity. The HP Enterprise Business's modular IT systems and services are primarily standards-based and feature differentiated technologies in areas including power and cooling, unified management, security, virtualization and automation. Each of the three financial reporting segments within the HP Enterprise Business are described in detail below.

Services

Services provides consulting, outsourcing and technology services across infrastructure, applications and business process domains. Services delivers to its clients by leveraging investments in consulting and support professionals, infrastructure technology, applications, standardized methodologies, and global supply and delivery. Our services businesses also create opportunities for us to sell additional hardware units by offering solutions that encompass both products and services. Services is divided into four main business units: infrastructure technology outsourcing, technology services, applications services and business process outsourcing.

Infrastructure Technology Outsourcing. Infrastructure technology outsourcing delivers comprehensive services that streamline and optimize our clients' infrastructure to efficiently enhance performance, reduce costs, mitigate risk and enable business change. These services encompass the data center and the workplace (desktop); network and communications; and security, compliance and business continuity. We also offer a set of managed services, providing a cross-section of our broader infrastructure services for smaller discrete engagements.

Technology Services. HP provides consulting and support services, as well as warranty support across HP's product lines. HP specializes in keeping technology running with mission critical services, converged infrastructure services, networking services, data center transformation services and infrastructure services for storage, server and unified communication environments. HP's technology services offerings are available in the form of service contracts, pre-packaged offerings (HP Care Pack services) or on an individual basis.

Application Services. Applications services help clients revitalize and manage their applications assets through flexible, project-based, consulting services and longer-term outsourcing contracts. These full life cycle services encompass application development, testing, modernization, system integration, maintenance and management. Applications projects open doors to new infrastructure technology outsourcing and business process outsourcing opportunities and represent attractive cross-selling opportunities to current HP clients.

Business Process Outsourcing. Business process outsourcing is powered by a platform of underlying infrastructure technology, applications and standardized methodologies and is supplemented by IT experience and in-depth, industry-specific knowledge. These services encompass both industry-specific and cross-industry solutions. Our cross-industry solutions include a broad array of enterprise shared services, customer relationship management services, financial process management services and administrative services.

Enterprise Storage and Servers

The server market continues to shift towards standards-based architectures as proprietary hardware and operating systems are replaced by industry standard server platforms that typically offer compelling price and performance advantages by leveraging standards-based operating systems and microprocessor designs. At the same time, critical business functions continue to demand scalability and reliability. By providing a broad portfolio of storage and server solutions, ESS aims to optimize the combined product solutions required by different customers and provide solutions for a wide range of operating environments, spanning both the enterprise and the SMB markets. ESS provides storage and server products in a number of categories.

Industry Standard Servers. Industry standard servers include primarily entry-level and mid-range ProLiant servers, which run primarily Windows®, Linux and Novell operating systems and leverage Intel Corporation ("Intel") and Advanced Micro Devices ("AMD") processors. The business spans a range of product lines that include pedestal-tower servers, density-optimized rack servers and HP's BladeSystem family of server blades. In fiscal 2010, HP's industry standard server business continued to lead the industry in terms of units shipped and revenue. HP also has a leadership position in server blades, the fastest growing segment of the market.

Business Critical Systems. Business Critical Systems include HP Integrity servers based on the Intel® Itanium®-based processor that run HP-UX, Windows and OpenVMS operating systems, as well as fault-tolerant HP Integrity NonStop solutions. Business Critical Systems also include HP's scale-up x86 ProLiant servers with more than four processors. In addition, HP continues to support the HP9000 servers and HP AlphaServers with compelling offers available to upgrade these legacy systems to current HP Integrity systems. During 2010, we introduced new Integrity blade servers and the Superdome 2 server solution based on the BladeSystem architecture.

Storage. HP's StorageWorks offerings include entry-level, mid-range and high-end arrays, storage area networks, network attached storage, storage management software and virtualization technologies, as well as StoreOnce data deduplication solutions, tape drives, tape libraries and optical archival storage.

HP Software

HP Software is a leading provider of enterprise and service-provider software and services. Our portfolio consists of:

Enterprise IT management software. Enterprise IT management solutions, including support and professional services, allow customers to manage IT infrastructure, operations, applications, IT services, and business processes. These solutions also include tools to automate data center operations and IT

processes. We market them as the HP business technology optimization suite, and we deliver them in the form of traditional software licenses and, in some cases, via a software-as-a-service distribution model.

Information management and business intelligence solutions. Our information management and business intelligence solutions include information data strategy, enterprise data warehousing, data integration, data protection, archiving, compliance, e-discovery and records management products. These solutions enable businesses to extract more value from their structured and unstructured information.

Communications and media solutions. Our communications and media industry solutions address the creation, delivery and management of consumer and enterprise communications services, with offerings in service delivery infrastructure and applications, real-time business support systems, next-generation operations support systems and digital media. These solutions enable operators, media companies, and network equipment providers to drive incremental revenue, enable new business models and reduce infrastructure costs.

Personal Systems Group

PSG is the leading provider of personal computers ("PCs") in the world based on unit volume shipped and annual revenue. PSG provides commercial PCs, consumer PCs, workstations, handheld computing devices, calculators and other related accessories, software and services for the commercial and consumer markets. We group commercial desktops, commercial notebooks and workstations into commercial clients and consumer desktop and consumer notebooks into consumer clients when describing our performance in these markets. Like the broader PC market, PSG continues to experience a shift toward mobile products such as notebooks. Both commercial and consumer PCs are based predominately on the Windows operating system and use Intel and AMD processors.

Commercial PCs. Commercial PCs are optimized for commercial uses, including enterprise and small- and medium- sized business ("SMB") customers, and for connectivity and manageability in networked environments. Commercial PCs include HP Compaq, HP Pro and HP Elite lines of business desktops and notebooks, as well as the All in One TouchSmart and Omni PCs, HP Mini-Note PCs, HP Blade PCs, Retail POS systems and HP TwinClients.

Consumer PCs. Consumer PCs include the HP and Compaq series of multi-media consumer desktops, notebooks and mini notebooks, including the TouchSmart line of touch-enabled all-in-one desktops and notebooks.

Workstations. Workstations are individual computing products designed for users demanding enhanced performance, such as computer animation, engineering design and other programs requiring high-resolution graphics. PSG provides workstations that run on both Windows® and Linux-based operating systems.

Handheld Computing. PSG provides a series of HP iPAQ Pocket PC handheld computing devices that run on Windows Mobile® software. These products range from basic PDAs to advanced "smartphone" devices with voice and data capability.

Imaging and Printing Group

IPG provides consumer and commercial printer hardware, printing supplies, printing media and scanning devices. IPG is also focused on imaging solutions in the commercial markets. These solutions range from managed print services solutions to addressing new growth opportunities in commercial printing and capturing high-value pages in areas such as industrial applications, outdoor signage, and the graphic arts business.

Inkjet and Web Solutions. Inkjet and web solutions include HP's consumer and SMB inkjet solutions (hardware, supplies, and media) and HP's retail and web businesses. These solutions include single function and all-in-one inkjet printers targeted toward consumers and SMBs as well as retail publishing solutions, Snapfish, and Logoworks.

LaserJet and Enterprise Solutions. LaserJet and enterprise solutions include LaserJet printers and supplies, multi-function printers ("MFDs"), scanners, and enterprise software solutions such as Exstream Software and Web Jetadmin.

Managed Enterprise Solutions. Managed enterprise solutions include managed print services products and solutions delivered to enterprise customers partnering with third-party software providers to offer workflow solutions in the enterprise environment.

Graphics Solutions. Graphics solutions include large format printing (Designjet and Scitex), large format supplies, WebPress supplies, Indigo printing, specialty printing systems and inkjet high-speed production solutions.

Printer Supplies. Printer supplies include LaserJet toner and inkjet printer cartridges, graphic solutions ink products and other printing-related media.

HP Financial Services

HPFS supports and enhances HP's global product and service solutions, providing a broad range of value-added financial life cycle management services. HPFS enables our worldwide customers to acquire complete IT solutions, including hardware, software and services. The group offers leasing, financing, utility programs and asset recovery services, as well as financial asset management services for large global and enterprise customers. HPFS also provides an array of specialized financial services to SMBs and educational and governmental entities. HPFS offers innovative, customized and flexible alternatives to balance unique customer cash flow, technology obsolescence and capacity needs.

Corporate Investments

Corporate Investments includes Hewlett-Packard Laboratories, also known as HP Labs, network infrastructure products, mobile devices associated with the Palm acquisition, and certain business incubation projects. Revenue in this segment is attributable to the sale of certain network infrastructure products, including Ethernet switch products that enhance computing and enterprise solutions under the ProCurve, 3Com and TippingPoint brands. The segment also includes certain video collaboration products sold under the brand "Halo," and Palm smartphones, which are targeted at the consumer segment and include the Pixi and Pre models running on the WebOS operating system. Corporate Investments also derives revenue from licensing specific HP technology to third parties.

Sales, Marketing and Distribution

We manage our business and report our financial results based on the principal business segments described above. Our customers are organized by consumer and commercial customer groups, and distribution is organized by direct and channel. Within the channel, we have various types of partners that we utilize for various customer groups. The partners include:

- retailers that sell our products to the public through their own physical or Internet stores;
- resellers that sell our products and services, frequently with their own value-added products or services, to targeted customer groups;
- distribution partners that supply our solutions to smaller resellers with which we do not have direct relationships;

- independent distributors that sell our products into geographies or customer segments in which we have little or no presence;
- original equipment manufacturers ("OEMs") that integrate our products with their own hardware or software and sell the integrated products;
- independent software vendors ("ISVs") that provide their clients with specialized software products, and often assist us in selling our products and services to clients purchasing their products;
- systems integrators that provide various levels and kinds of expertise in designing and implementing custom IT solutions and often partner with our services business to extend their expertise or influence the sale of our products and services; and
- advisory firms that provide various levels of management and IT consulting, including some systems integration work, and that typically partner with our services business on client solutions that require our unique products and services.

The mix of HP's business by channel or direct sales differs substantially by business and region. We believe that customer buying patterns and different regional market conditions necessitate sales, marketing and distribution to be tailored accordingly. HP is focused on driving the depth and breadth of its coverage in addition to efficiencies and productivity gains in both the direct and indirect business.

The HP Enterprise Business manages most of our enterprise and public sector customer relationships and also has primary responsibility for simplifying sales processes across our segments to improve speed and effectiveness of customer delivery. In this capacity, the HP Enterprise Business manages our direct sales for value products including UNIX®, enterprise storage and software and pre-sales technical consultants, as well as our direct distribution activities for commercial products and go-to-market activities with systems integrators and ISVs. The HP Enterprise Business also drives HP horizontal and vertical solutions through our own services arm and through the partners previously listed above. The HP Enterprise Business drives HP's vertical sales and marketing approach in the communication, media and entertainment, financial services, manufacturing and distribution and public sector industries.

PSG manages SMB customer relationships and commercial reseller channels, due largely to the significant volume of commercial PCs that HP sells through these channels. In addition to commercial channel relationships, the Volume Direct organization, which is charged with the management of direct sales for volume products, is hosted within PSG. In addition, PSG manages direct online sales through the Consumer Exchange and the Small Business Exchange.

IPG manages HP's overall consumer-related sales and marketing activities, including our annual consumer product launch for the back-to-school and holiday seasons. IPG also manages consumer channel relationships with third-party retail locations for imaging and printing products, as well as other consumer products, including consumer PCs, which provides for a bundled sale opportunity between PCs and IPG products.

Manufacturing and Materials

We utilize a significant number of outsourced manufacturers ("OMs") around the world to manufacture HP-designed products. The use of OMs is intended to generate cost efficiencies and reduce time to market for HP-designed products. We use multiple OMs to maintain flexibility in our supply chain and manufacturing processes. In some circumstances, third-party OEMs manufacture products that we purchase and resell under the HP brand. In addition to our use of OMs, we currently manufacture a limited number of finished products from components and sub-assemblies that we acquire from a wide range of vendors.

We utilize two primary methods of fulfilling demand for products: building products to order and configuring products to order. We employ building products to order capabilities to maximize manufacturing and logistics efficiencies by producing high volumes of basic product configurations. Configuring products to order permits configuration of units to the particular hardware and software customization requirements of customers. Our inventory management and distribution practices in both building products to order and configuring products to order seek to minimize inventory holding periods by taking delivery of the inventory and manufacturing immediately prior to the sale or distribution of products to our customers.

We purchase materials, supplies and product subassemblies from a substantial number of vendors. For most of our products, we have existing alternate sources of supply, or such sources are readily available. However, we do rely on sole sources for laser printer engines, LaserJet supplies and parts for products with short life cycles (although some of these sources have operations in multiple locations in the event of a disruption). We are dependent upon Intel as a supplier of processors and Microsoft for various software products. However, we believe that disruptions with these suppliers would result in industry-wide dislocations and therefore would not disproportionately disadvantage us relative to our competitors. For processors, we also have a relationship with AMD, and we have continued to see solid acceptance of AMD processors in the market during fiscal 2010.

Like other participants in the high technology industry, we ordinarily acquire materials and components through a combination of blanket and scheduled purchase orders to support our requirements for periods averaging 90 to 120 days. From time to time, we experience significant price volatility and supply constraints for certain components that are not available from multiple sources. Frequently, we are able to obtain scarce components for somewhat higher prices on the open market, which may have an impact on gross margin but does not disrupt production. We also acquire component inventory in anticipation of supply constraints or enter into longer-term pricing commitments with vendors to improve the priority, price and availability of supply. See "Risk Factors—We depend on third-party suppliers, and our revenue and gross margin could suffer if we fail to manage suppliers properly," in Item 1A, which is incorporated herein by reference.

International

Our products and services are available worldwide. We believe this geographic diversity allows us to meet demand on a worldwide basis for both consumer and enterprise customers, draws on business and technical expertise from a worldwide workforce, provides stability to our operations, allows us to drive economies of scale, provides revenue streams to offset geographic economic trends and offers us an opportunity to access new markets for maturing products. In addition, we believe that future growth is dependent in part on our ability to develop products and sales models that target developing countries. In this regard, we believe that our broad geographic presence gives us a solid base upon which to build such future growth.

A summary of our domestic and international net revenue and net property, plant and equipment is set forth in Note 19 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. Approximately 65% of our overall net revenue in fiscal 2010 came from outside the United States. The substantial majority of our net revenue originating outside the United States was from customers other than foreign governments.

For a discussion of risks attendant to HP's foreign operations, see "Risk Factors—Due to the international nature of our business, political or economic changes or other factors could harm our future revenue, costs and expenses and financial condition," in Item 1A, "Quantitative and Qualitative Disclosure about Market Risk" in Item 7A and Note 10 to the Consolidated Financial Statements in Item 8, which are incorporated herein by reference.

Research and Development

We remain committed to innovation as a key element of HP's culture. Our development efforts are focused on designing and developing products, services and solutions that anticipate customers' changing needs and desires and emerging technological trends. Our efforts also are focused on identifying the areas where we believe we can make a unique contribution and the areas where partnering with other leading technology companies will leverage our cost structure and maximize our customers' experiences.

HP Labs, together with the various research and development groups within the five principal business segments, are responsible for our research and development efforts. HP Labs is part of our Corporate Investments segment.

Expenditures for research and development were $3.0 billion in fiscal 2010, $2.8 billion in fiscal 2009 and $3.5 billion in fiscal 2008. We anticipate that we will continue to have significant research and development expenditures in the future to provide a continuing flow of innovative, high-quality products and services to maintain and enhance our competitive position.

For a discussion of risks attendant to our research and development activities, see "Risk Factors—If we cannot continue to develop, manufacture and market products and services that meet customer requirements for innovation and quality, our revenue and gross margin may suffer," in Item 1A, which is incorporated herein by reference.

Patents

Our general policy has been to seek patent protection for those inventions and improvements likely to be incorporated into our products and services or where proprietary rights will improve our competitive position. At October 31, 2010, our worldwide patent portfolio included over 37,000 patents, which represents an increase over the number of patents in our patent portfolio at the end of both fiscal 2009 and fiscal 2008.

Patents generally have a term of twenty years from the time they are filed. As our patent portfolio has been built over time, the remaining terms on the individual patents vary. We believe that our patents and applications are important for maintaining the competitive differentiation of our products and services, enhancing our ability to access technology of third parties, and maximizing our return on research and development investments. No single patent is in itself essential to us as a whole or any of our principal business segments.

In addition to developing our patents, we license intellectual property from third parties as we deem appropriate. We have also granted and continue to grant to others licenses under patents owned by us when we consider these arrangements to be in our interest. These license arrangements include a number of cross-licenses with third parties.

For a discussion of risks attendant to intellectual property rights, see "Risk Factors—Our revenue, cost of sales, and expenses may suffer if we cannot continue to license or enforce the intellectual property rights on which our businesses depend or if third parties assert that we violate their intellectual property rights," in Item 1A, which is incorporated herein by reference.

Backlog

We believe that backlog is not a meaningful indicator of future business prospects due to the diversity of our products and services portfolio, including the large volume of products delivered from shelf or channel partner inventories and the shortening of product life cycles. Therefore, we believe that backlog information is not material to an understanding of our overall business.

Seasonality

General economic conditions have an impact on our business and financial results. From time to time, the markets in which we sell our products experience weak economic conditions that may negatively affect sales. We experience some seasonal trends in the sale of our products and services. For example, European sales often are weaker in the summer months and consumer sales often are stronger in the fourth calendar quarter. Demand during the spring and early summer months also may be adversely impacted by market anticipation of seasonal trends. See "Risk Factors—Our sales cycle makes planning and inventory management difficult and future financial results less predictable," in Item 1A, which is incorporated herein by reference.

Competition

We encounter aggressive competition in all areas of our business activity. We compete primarily on the basis of technology, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security and availability of application software and our Internet infrastructure offerings.

The markets for each of our business segments are characterized by vigorous competition among major corporations with long-established positions and a large number of new and rapidly growing firms. Product life cycles are short, and to remain competitive we must develop new products and services, periodically enhance our existing products and services and compete effectively on the basis of the factors listed above. In addition, we compete with many of our current and potential partners, including OEMs that design, manufacture and often market their products under their own brand names. Our successful management of these competitive partner relationships will continue to be critical to our future success. Moreover, we anticipate that we will have to continue to adjust prices on many of our products and services to stay competitive.

On a revenue basis we are the largest company offering our range of general purpose computers and personal information, imaging and printing products for industrial, scientific, business and consumer applications, and IT services. We are the leader or among the leaders in each of our principal business segments.

The competitive environments in which each segment operates are described below:

Enterprise Storage and Servers. The areas in which ESS operates are intensely competitive and are characterized by rapid and ongoing technological innovation and price reductions. Our competitors range from broad solution providers such as International Business Machines Corporation ("IBM") to more focused competitors such as EMC Corporation and NetApp, Inc. in storage and Dell, Inc. in industry standard servers. We believe that our important competitive advantages in this segment include the six technology components of our converged infrastructure initiatives: IT systems, power and cooling, security, management, virtualization and automation. We believe that our competitive advantages also include our global reach and our significant intellectual property portfolio and research and development capabilities, which will contribute to further enhancements of our product and service offerings and our ability to cross-sell our portfolio and leverage scale advantages in everything from brand to procurement leverage.

Services. Our service businesses including HP Enterprise Services and Technology Services compete in IT support services, consulting and integration, infrastructure technology outsourcing, business process outsourcing and application services. The IT support services and consulting and integration markets have been under significant pressure as our customers have reduced their IT budgets. However, this trend has benefited the outsourcing services business as customers drive toward lower IT management costs to enable more strategic investments. Our competitors include IBM Global Services, Computer Sciences Corporation, systems integration firms such as Accenture Ltd. and offshore companies such as Fujitsu Limited and India-based competitors Wipro Limited. Infosys Technologies Limited and Tata Consultancy Services Ltd. We also compete with other traditional hardware providers, such as Dell, which are increasingly offering services to support their products. Many of our competitors are able to offer a wide range of global services, and some of our competitors enjoy significant brand recognition. Our service businesses team with many companies to offer services, and those arrangements allow us to extend our reach and augment our capabilities. Our competitive advantages are evident in our deep technology expertise, which includes multi-vendor environments, virtualization and automation, our strong track record of collaboration with clients and partners, and the combination of our expertise in infrastructure management with skilled global resources in SAP, AG, Oracle Corporation and Microsoft Corporation platforms.

HP Software. The areas in which HP Software operates are fueled by rapidly changing customer requirements and technologies. We market enterprise IT management software in competition with IBM, CA, Inc. (“CAI”), BMC Software, Inc. and others. Our information management and business intelligence solutions compete with products from companies like Symantec Corporation, IBM, EMC, CAI, and Teradata Corporation. We also deliver communications and media solutions that compete with products from IBM and various other competitors. As new delivery mechanisms such as software-as-a-service come on the scene, we are also confronting less traditional competitors. Our differentiation lies in the breadth and depth of our software and services portfolio and the scope of our market coverage.

Personal Systems Group. The areas in which PSG operates are intensely competitive and are characterized by rapid price reductions and inventory depreciation. Our primary competitors for the branded personal computers are Dell, Acer Inc., ASUSTeK Computer Inc., Apple Inc., Lenovo Group Limited and Toshiba Corporation. In particular regions, we also experience competition from local companies and from generically-branded or “white box” manufacturers. Our competitive advantages include our broad product portfolio, our innovation and research and development capabilities, our brand and procurement leverage, our ability to cross-sell our portfolio of offerings, our extensive service and support offerings and the availability of our broad-based distribution of products from retail and commercial channels to direct sales.

Imaging and Printing Group. The markets for printer hardware and associated supplies are highly competitive, especially with respect to pricing and the introduction of new products and features. IPG’s key competitors include Canon U.S.A., Inc., Lexmark International, Inc., Xerox Corporation, Seiko Epson Corporation, Samsung Electronics Co., Ltd. and Brother Industries, Ltd. In addition, independent suppliers offer refill and remanufactured alternatives for our supplies which, although generally offering lower print quality and reliability, may be offered at lower prices and put pressure on our supplies sales and margins. Other companies also have developed and marketed new compatible cartridges for HP’s laser and inkjet products, particularly in jurisdictions outside of the United States where adequate intellectual property protection may not exist. In recent years, we and our competitors have regularly lowered prices on printer hardware both to reach new customers and in response to the competitive environment. Important areas for future growth include printer-based multi-function devices in the office space, digital presses in our imaging and graphics space and driving color printing expansion in the office. We believe we will continue to provide important new contributions in the home, the office and publishing environments by providing comprehensive solutions.

HP Financial Services. In our financing business, our competitors are captive financing companies, mainly IBM Global Financing, as well as banks and financial institutions. We believe our competitive advantage in this business over banks and financial institutions is our ability to finance products, services and total solutions.

For a discussion of risks attendant to these competitive factors, see "Risk Factors—The competitive pressures we face could harm our revenue, gross margin and prospects," in Item 1A, which is incorporated herein by reference.

Environment

Our operations are subject to regulation under various federal, state, local and foreign laws concerning the environment, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, and the cleanup of contaminated sites. We could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, and third-party damage or personal injury claims, if we were to violate or become liable under environmental laws.

Many of our products are subject to various federal, state, local and foreign laws governing chemical substances in products and their safe use, including laws regulating the manufacture and distribution of chemical substances and laws restricting the presence of certain substances in electronics products. Some of our products also are, or may in the future be, subject to requirements applicable to their energy consumption. In addition, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use, and their energy efficiency, including requirements relating to climate change. We also are subject to legislation in an increasing number of jurisdictions that makes producers of electrical goods, including computers and printers, financially responsible for specified collection, recycling, treatment and disposal of past and future covered products (sometimes referred to as "product take-back legislation"). In the event our products become non-compliant with these laws, they could be restricted from entering certain jurisdictions, and we could face other sanctions, including fines.

Our operations and ultimately our products are expected to become increasingly subject to federal, state, local and foreign laws and regulations and international treaties relating to climate change. As these laws, regulations and treaties and similar initiatives and programs are adopted and implemented throughout the world, we will be required to comply or potentially face market access limitations or other sanctions, including fines. However, we believe that technology will be fundamental to finding solutions to achieve compliance with and manage those requirements, and we are collaborating with industry, business groups and governments to find and promote ways that HP technology can be used address climate change and to facilitate compliance with these related laws, regulations and treaties.

We are committed to maintaining compliance with all environmental laws applicable to our operations, products and services and to reducing our environmental impact across all aspects of our business. We meet this commitment with a comprehensive environmental, health and safety policy, strict environmental management of our operations and worldwide environmental programs and services.

The liability for environmental remediation and other environmental costs is accrued when HP considers it probable and can reasonably estimate the costs. Environmental costs and accruals are presently not material to our operations or financial position. Although there is no assurance that existing or future environmental laws applicable to our operations or products will not have a material adverse effect on HP's operations or financial condition, we do not currently anticipate material capital expenditures for environmental control facilities.

Executive Officers:

Léo Apotheker; age 57; President and Chief Executive Officer

Mr. Apotheker has served as President and Chief Executive Officer and as a member of the Board of Directors since November 2010. Previously, Mr. Apotheker served as Chief Executive Officer of SAP AG, a software company, from June 2009 until February 2010 after having served as co-Chief Executive Officer of SAP from April 2008 to May 2009. Prior to that, Mr. Apotheker served as worldwide Chairman of Customer Solutions and Operations for SAP from 2002 until April 2008.

Peter J. Bocian; age 56; Executive Vice President and Chief Administrative Officer

Mr. Bocian has served as Executive Vice President and Chief Administrative Officer since December 2008. Previously, Mr. Bocian served as Executive Vice President, Chief Financial Officer and Chief Administrative Officer of Starbucks Corporation, a roaster and retailer of specialty coffee, from October 2007 until November 2008 after having served as Executive Vice President and Chief Financial Officer designate of Starbucks since May 2007. Prior to joining Starbucks, Mr. Bocian served in various positions at NCR Corporation since 1983, most recently as Senior Vice President and Chief Financial Officer from September 2004 until May 2007.

R. Todd Bradley; age 52; Executive Vice President, Personal Systems Group

Mr. Bradley has served as Executive Vice President of HP's Personal Systems Group since June 2005.

Michael J. Holston; age 48; Executive Vice President, General Counsel and Secretary

Mr. Holston has served as Executive Vice President and General Counsel since February 2007 and as Secretary since March 2007. Prior to that, he was a partner in the litigation practice at Morgan, Lewis & Bockius LLP, where, among other clients, he supported HP as external counsel on a variety of litigation and regulatory matters for more than ten years.

Vyomesh I. Joshi; age 56; Executive Vice President, Imaging and Printing Group

Mr. Joshi has served as Executive Vice President of HP's Imaging and Printing Group since 2002. Mr. Joshi also is a director of Yahoo! Inc.

Catherine A. Lesjak; age 51; Executive Vice President and Chief Financial Officer

Ms. Lesjak has served as Executive Vice President and Chief Financial Officer since January 2007. Ms. Lesjak served as HP's interim Chief Executive Officer from August 2010 until November 2010. Previously, she served as Senior Vice President from 2003 until December 2006 and as Treasurer from 2003 until March 2007.

Ann M. Livermore; age 52; Executive Vice President, HP Enterprise Business

Ms. Livermore has served as Executive Vice President of the HP Enterprise Business since May 2004. Ms. Livermore also is a director of United Parcel Service, Inc.

John N. McMullen; age 52; Senior Vice President and Treasurer

Mr. McMullen has served as Senior Vice President and Treasurer since March 2007. Previously, he served as Vice President of Finance for HP's Imaging and Printing Group from May 2002 until 2007.

Randall D. Mott; age 54; Executive Vice President and Chief Information Officer

Mr. Mott has served as Executive Vice President and Chief Information Officer since July 2005.

James T. Murrin; age 50; Senior Vice President, Controller and Principal Accounting Officer

Mr. Murrin has served as Senior Vice President, Controller and Principal Accounting Officer since March 2007. Previously, he served as Vice President of Finance for the former Technology Solutions Group since 2004.

Marcela Perez de Alonso; age 56; Executive Vice President, Human Resources

Ms. Perez de Alonso has served as Executive Vice President, Human Resources since January 2004. In December 2010, we announced that Ms. Perez de Alonso will retire from HP following the hiring of her successor.

Shane V. Robison; age 57; Executive Vice President and Chief Strategy and Technology Officer

Mr. Robison has served as Executive Vice President and Chief Strategy and Technology Officer since May 2002.

Employees

We had approximately 324,600 employees worldwide as of October 31, 2010.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website at http://www.hp.com/investor/home, as soon as reasonably practicable after HP electronically files such reports with, or furnishes those reports to, the Securities and Exchange Commission. HP's Corporate Governance Guidelines, Board of Directors committee charters (including the charters of the Audit Committee, HR and Compensation Committee, and Nominating and Governance Committee) and code of ethics entitled "Standards of Business Conduct" also are available at that same location on our website. Stockholders may request free copies of these documents from:

Hewlett-Packard Company
Attention: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304
(866) GET-HPQ1 or (866) 438-4771
http://www.hp.com/investor/informationrequest

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ITEM 1A. Risk Factors.

Because of the following factors, as well as other variables affecting our operating results, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods.

Competitive pressures could harm our revenue, gross margin and prospects.

We encounter aggressive competition from numerous and varied competitors in all areas of our business, and our competitors may target our key market segments. We compete primarily on the basis of technology, performance, price, quality, reliability, brand, reputation, distribution, range of products and services, ease of use of our products, account relationships, customer training, service and support, security, availability of application software, and Internet infrastructure offerings. If our products, services, support and cost structure do not enable us to compete successfully based on any of those criteria, our operations, results and prospects could be harmed.

Unlike many of our competitors, we have a portfolio of businesses and must allocate resources across these businesses while competing with companies that specialize in one or more of these product lines. As a result, we may invest less in certain areas of our businesses than our competitors do, and these competitors may have greater financial, technical and marketing resources available to them than our businesses that compete against them. Industry consolidation also may affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we compete, and our competitors also may affect our business by entering into exclusive arrangements with existing or potential customers or suppliers. In addition, companies with whom we have strategic alliances in some areas may be competitors in other areas. Those companies also may acquire or form alliances with our competitors, thereby reducing their business with us. Any inability to effectively manage these complicated relationships with strategic alliance partners could have an adverse effect on our results of operations.

We may have to continue to lower the prices of many of our products and services to stay competitive, while at the same time trying to maintain or improve revenue and gross margin. The markets in which we do business, particularly the personal computer and printing markets, are highly competitive, and we encounter aggressive price competition for all of our products and services from numerous companies globally. Over the past several years, price competition in the market for personal computers, printers and related products has been particularly intense as competitors have aggressively cut prices and lowered their product margins for these products. In addition, competitors in some of the markets in which we compete with a greater presence in lower-cost jurisdictions may be able to offer lower prices than we are able to offer. Our results of operations and financial condition may be adversely affected by these and other industry-wide pricing pressures.

Because our business model is based on providing innovative and high quality products, we may spend a proportionately greater amount on research and development than some of our competitors. If we cannot proportionately decrease our cost structure on a timely basis in response to competitive price pressures, our gross margin and, therefore, our profitability could be adversely affected. In addition, if our pricing and other factors are not sufficiently competitive, or if there is an adverse reaction to our product decisions, we may lose market share in certain areas, which could adversely affect our revenue and prospects.

Even if we are able to maintain or increase market share for a particular product, revenue could decline because the product is in a maturing industry. Revenue and margins also could decline due to increased competition from other types of products. For example, growing demand for an increasing array of mobile computing devices and the development of cloud-based solutions may reduce demand for some of our existing hardware products. In addition, refill and remanufactured alternatives for some of HP's LaserJet toner and inkjet cartridges compete with HP's supplies business. Other companies have also developed and marketed new compatible cartridges for HP's LaserJet and inkjet products, particularly in jurisdictions outside of the United States where adequate intellectual property protection may not exist.

If we cannot continue to develop, manufacture and market products and services that meet customer requirements for innovation and quality, our revenue and gross margin may suffer.

The process of developing new high technology products and services and enhancing existing products and services is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly harm our market share and results of operations. For example, we must successfully address the increasing market demand for mobile computing devices in a variety of form factors that provide a compelling user experience. We must also attract and retain developers to ensure the continued availability and development of appealing and innovative software applications for our mobile computing devices. In addition, we are transitioning to an environment characterized by cloud-based computing and software being delivered as a service, and we must continue to successfully develop and deploy cloud-based solutions for our customers. We must make long-term investments, develop or obtain appropriate intellectual property and commit significant resources before knowing whether our predictions will accurately reflect customer demand for our products and services. After we develop a product, we must be able to manufacture appropriate volumes quickly and at low costs. To accomplish this, we must accurately forecast volumes, mixes of products and configurations that meet customer requirements, and we may not succeed at doing so at all or within a given product's life cycle. Any delay in the development, production or marketing of a new product could result in us not being among the first to market, which could further harm our competitive position.

In the course of conducting our business, we must adequately address quality issues associated with our products and services, including defects in our engineering, design and manufacturing processes, as well as defects in third-party components included in our products. In order to address quality issues, we work extensively with our customers and suppliers and engage in product testing to determine the cause of the problem and to determine appropriate solutions. However, we may have limited ability to control quality issues, particularly with respect to faulty components manufactured by third parties. If we are unable to determine the cause, find an appropriate solution or offer a temporary fix (or "patch"), we may delay shipment to customers, which would delay revenue recognition and could adversely affect our revenue and reported results. Finding solutions to quality issues can be expensive and may result in additional warranty, replacement and other costs, adversely affecting our profits. If new or existing customers have difficulty operating our products, our operating margins could be adversely affected, and we could face possible claims if we fail to meet our customers' expectations. In addition, quality issues can impair our relationships with new or existing customers and adversely affect our brand and reputation, which could adversely affect our operating results.

Economic weakness and uncertainty could adversely affect our revenue, gross margin and expenses.

Our revenue and gross margin depend significantly on worldwide economic conditions and the demand for computing and imaging products and services in the markets in which we compete. Economic weakness and uncertainty have resulted, and may result in the future, in decreased revenue, gross margin, earnings or growth rates and difficulty managing inventory levels. Sustained uncertainty about current global economic conditions may adversely affect demand for our products and services. Economic weakness and uncertainty also make it more difficult for us to make accurate forecasts of revenue, gross margin and expenses.

We also have experienced, and may experience in the future, gross margin declines in certain businesses, reflecting the effect of items such as competitive pricing pressures, inventory write downs and increases in component and manufacturing costs resulting from higher labor and material costs borne by our manufacturers and suppliers that, as a result of competitive pricing pressures or other factors, we are unable to pass on to our customers. In addition, our business may be disrupted if we are unable to obtain equipment, parts and components from our suppliers—and our suppliers from their suppliers—due to the insolvency of key suppliers or the inability of key suppliers to obtain credit.

Economic weakness and uncertainty could cause our expenses to vary materially from our expectations. Any renewed financial turmoil affecting the banking system and financial markets or any significant financial services institution failures could negatively impact our treasury operations, as the financial condition of such parties may deteriorate rapidly and without notice in times of market volatility and disruption. Poor financial performance of asset markets could lead to increased pension and post-retirement benefit expenses. Other income and expense could vary materially from expectations depending on changes in interest rates, borrowing costs, currency exchange rates, hedging expenses and the fair value of derivative instruments. Economic downturns also may lead to restructuring actions and associated expenses.

We depend on third-party suppliers, and our revenue and gross margin could suffer if we fail to manage suppliers properly.

Our operations depend on our ability to anticipate our needs for components, products and services and our suppliers' ability to deliver sufficient quantities of quality components, products and services at reasonable prices in time for us to meet critical schedules. Given the wide variety of systems, products and services that we offer, the large number of our suppliers and contract manufacturers that are dispersed across the globe, and the long lead times that are required to manufacture, assemble and deliver certain components and products, problems could arise in planning production and managing inventory levels that could seriously harm us. In addition, our ongoing project to improve the efficiency of our supply chain could cause supply disruptions and be more expensive, time consuming and resource-intensive than expected. Other supplier problems that we could face include component shortages, excess supply, risks related to the terms of our contracts with suppliers, risks associated with contingent workers, and risks related to our relationships with single source suppliers, as described below.

- *Shortages.* Occasionally we may experience a shortage of, or a delay in receiving, certain components as a result of strong demand, capacity constraints, supplier financial weaknesses, inability of suppliers to borrow funds in the credit markets, disputes with suppliers (some of whom are also customers), disruptions in the operations of component suppliers, other problems experienced by suppliers or problems faced during the transition to new suppliers. In particular, our PC business relies heavily upon OMs to manufacture its products and is therefore dependent upon the continuing operations of those OMs to fulfill demand for our PC products. HP represents a substantial portion of the business of some of these OMs, and any changes to the nature or volume of business transacted by HP with a particular OM could adversely affect the operations and financial condition of the OM and lead to shortages or delays in receiving products from that OM. If shortages or delays persist, the price of these components may increase, we may be exposed to quality issues or the components may not be available at all. We may not be able to secure enough components at reasonable prices or of acceptable quality to build products or provide services in a timely manner in the quantities or according to the specifications needed. Accordingly, our revenue and gross margin could suffer as we could lose time-sensitive sales, incur additional freight costs or be unable to pass on price increases to our customers. If we cannot adequately address supply issues, we might have to reengineer some products or service offerings, resulting in further costs and delays.

- *Oversupply.* In order to secure components for the provision of products or services, at times we may make advance payments to suppliers or enter into non-cancelable commitments with vendors. In addition, we may purchase components strategically in advance of demand to take advantage of favorable pricing or to address concerns about the availability of future components. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete components, which could adversely affect our gross margin.

- *Contractual terms.* As a result of binding price or purchase commitments with vendors, we may be obligated to purchase components or services at prices that are higher than those available in the current market and be limited in our ability to respond to changing market conditions. In the event that we become committed to purchase components or services for prices in excess of the current market price, we may be at a disadvantage to competitors who have access to components or services at lower prices, and our gross margin could suffer. In addition, many of our competitors obtain products or components from the same OMs and suppliers that we utilize. Our competitors may obtain better pricing and other terms and more favorable allocations of products and components during periods of limited supply, and our ability to engage in relationships with certain OMs and suppliers could be limited. The practice employed by our PC business of purchasing product components and transferring those components to its OMs may create large supplier receivables with the OMs that, depending on the financial condition of the OMs, may have risk of uncollectability. In addition, certain of our OMs and suppliers may decide in the future to discontinue conducting business with us. Any of these actions by our competitors, OMs or suppliers could adversely affect our future operating results and financial condition.
- *Contingent workers.* We also rely on third-party suppliers for the provision of contingent workers, and our failure to manage our use of such workers effectively could adversely affect our results of operations. We have been exposed to various legal claims relating to the status of contingent workers in the past and could face similar claims in the future. We may be subject to shortages, oversupply or fixed contractual terms relating to contingent workers, as described above. Our ability to manage the size of, and costs associated with, the contingent workforce may be subject to additional constraints imposed by local laws.
- *Single source suppliers.* Our use of single source suppliers for certain components could exacerbate our supplier issues. We obtain a significant number of components from single sources due to technology, availability, price, quality or other considerations. For example, we rely on Intel Corporation to provide us with a sufficient supply of processors for many of our PCs, workstations, handheld computing devices and servers, and some of those processors are customized for our products. New products that we introduce may utilize custom components obtained from only one source initially until we have evaluated whether there is a need for additional suppliers. Replacing a single source supplier could delay production of some products as replacement suppliers initially may be subject to capacity constraints or other output limitations. For some components, such as customized components and some of the processors that we obtain from Intel, alternative sources may not exist or those alternative sources may be unable to produce the quantities of those components necessary to satisfy our production requirements. In addition, we sometimes purchase components from single source suppliers under short-term agreements that contain favorable pricing and other terms but that may be unilaterally modified or terminated by the supplier with limited notice and with little or no penalty. The performance of such single source suppliers under those agreements (and the renewal or extension of those agreements upon similar terms) may affect the quality, quantity and price of components to HP. The loss of a single source supplier, the deterioration of our relationship with a single source supplier, or any unilateral modification to the contractual terms under which we are supplied components by a single source supplier could adversely affect our revenue and gross margins.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our worldwide operations could be subject to earthquakes, power shortages, telecommunications failures, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics or pandemics and other natural or manmade disasters or business interruptions, for

which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our revenue and financial condition and increase our costs and expenses. Our corporate headquarters, and a portion of our research and development activities, are located in California, and other critical business operations and some of our suppliers are located in California and Asia, near major earthquake faults. In addition, all six of our principal worldwide IT data centers are located in the southern United States, making our operations more vulnerable to natural disasters or other business disruptions occurring in that geographical area. The manufacture of product components, the final assembly of our products and other critical operations are concentrated in certain geographic locations, including Shanghai, Singapore and India. We also rely on major logistics hubs primarily in Asia to manufacture and distribute our products and in the southwestern United States to import products into the Americas region. Our operations could be adversely affected if manufacturing, logistics or other operations in these locations are disrupted for any reason, including natural disasters, information technology system failures, military actions or economic, business, labor, environmental, public health, regulatory or political issues. The ultimate impact on us, our significant suppliers and our general infrastructure of being located near major earthquake faults and being consolidated in certain geographical areas is unknown, but our revenue, profitability and financial condition could suffer in the event of a major earthquake or other natural disaster.

System security risks, data protection breaches and systems integration issues could disrupt our internal operations or information technology services provided to customers, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate our confidential information or that of third parties, create system disruptions or cause shutdowns. Computer programmers and hackers also may be able to develop and deploy viruses, worms, and other malicious software programs that attack our products or otherwise exploit any security vulnerabilities of our products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and the efforts to address these problems could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.

We manage and store various proprietary information and sensitive or confidential data relating to our business. In addition, our outsourcing services business routinely processes, stores and transmits large amounts of data for our clients, including sensitive and personally identifiable information. Breaches of our security measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about us or our clients, including the potential loss or disclosure of such information or data as a result of fraud, trickery or other forms of deception, could expose us, our customers or the individuals affected to a risk of loss or misuse of this information, result in litigation and potential liability for us, damage our brand and reputation or otherwise harm our business. We also could lose existing or potential customers for outsourcing services or other information technology solutions or incur significant expenses in connection with our customers' system failures or any actual or perceived security vulnerabilities in our products. In addition, the cost and operational consequences of implementing further data protection measures could be significant.

Portions of our IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We may not be successful in implementing new systems and transitioning data which could cause business disruptions and be more expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact our ability to fulfill orders and interrupt other processes. Delayed sales, lower margins or lost customers resulting from these disruptions have adversely affected in the past, and in the future could adversely affect, our financial results, stock price and reputation.

The revenue and profitability of our operations have historically varied, which makes our future financial results less predictable.

Our revenue, gross margin and profit vary among our products and services, customer groups and geographic markets and therefore will likely be different in future periods than our current results. Our revenue depends on the overall demand for our products and services. Delays or reductions in IT spending could materially adversely affect demand for our products and services, which could result in a significant decline in revenues. Overall gross margins and profitability in any given period are dependent partially on the product, customer and geographic mix reflected in that period's net revenue. In particular, IPG and certain of its business units such as printer supplies contribute significantly to our gross margin and profitability. In addition, our services business has contributed significantly to our revenue and operating profit in recent periods. Competition, lawsuits, investigations and other risks affecting those businesses therefore may have a significant impact on our overall gross margin and profitability. Certain segments, and ESS in particular, have a higher fixed cost structure and more variation in gross margins across their business units and product portfolios than others and may therefore experience significant operating profit volatility on a quarterly basis. In addition, newer geographic markets may be relatively less profitable due to investments associated with entering those markets and local pricing pressures, and we may have difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rate associated with some of those markets. Market trends, competitive pressures, commoditization of products, seasonal rebates, increased component or shipping costs, regulatory impacts and other factors may result in reductions in revenue or pressure on gross margins of certain segments in a given period, which may necessitate adjustments to our operations.

HP's stock price has historically fluctuated and may continue to fluctuate, which may make future prices of HP's stock difficult to predict.

HP's stock price, like that of other technology companies, can be volatile. Some of the factors that could affect our stock price are:

- speculation in the press or investment community about, or actual changes in, our business, strategic position, market share, organizational structure, operations, financial condition, financial reporting and results, effectiveness of cost cutting efforts, value or liquidity of our investments, exposure to market volatility, prospects, business combination or investment transactions, or executive team;
- the announcement of new products, services, technological innovations or acquisitions by HP or its competitors;
- quarterly increases or decreases in revenue, gross margin, earnings or cash flow from operations, changes in estimates by the investment community or guidance provided by HP, and variations between actual and estimated financial results;
- announcements of actual and anticipated financial results by HP's competitors and other companies in the IT industry; and
- the timing and amount of share repurchases by HP.

General or industry specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to HP's performance also may affect the price of HP common stock. For these reasons, investors should not rely on recent trends to predict future stock prices, financial condition, results of operations or cash flows. In addition, following periods of volatility in a company's securities, securities class action litigation against a company is sometimes instituted. If instituted against HP, this type of litigation could result in substantial costs and the diversion of management time and resources.

Our revenue, cost of sales, and expenses may suffer if we cannot continue to license or enforce the intellectual property rights on which our businesses depend or if third parties assert that we violate their intellectual property rights.

We rely upon patent, copyright, trademark and trade secret laws in the United States, similar laws in other countries, and agreements with our employees, customers, suppliers and other parties, to establish and maintain intellectual property rights in the technology and products we sell, provide or otherwise use in our operations. However, any of our direct or indirect intellectual property rights could be challenged, invalidated or circumvented, or such intellectual property rights may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, either of which could result in costly product redesign efforts, discontinuance of certain product offerings or other competitive harm. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States. Therefore, in certain jurisdictions we may be unable to protect our proprietary technology adequately against unauthorized third-party copying or use; this too could adversely affect our competitive position.

Because of the rapid pace of technological change in the information technology industry, much of our business and many of our products rely on key technologies developed or licensed by third parties. We may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property. In addition, it is possible that as a consequence of a merger or acquisition, third parties may obtain licenses to some of our intellectual property rights or our business may be subject to certain restrictions that were not in place prior to the transaction. Consequently, we may lose a competitive advantage with respect to these intellectual property rights or we may be required to enter into costly arrangements in order to terminate or limit these rights.

Third parties also may claim that we or customers indemnified by us are infringing upon their intellectual property rights. For example, individuals and groups frequently purchase intellectual property assets for the sole purpose of asserting claims of infringement and attempting to extract settlements from large companies such as HP. The number of these claims has increased significantly in recent periods and may continue to increase in the future. If we cannot or do not license the infringed technology at all or on reasonable terms, or substitute similar technology from another source, our operations could be adversely affected. Even if we believe that the claims are without merit, they can be time-consuming and costly to defend and may divert management's attention and resources away from our business. Claims of intellectual property infringement also might require us to redesign affected products, enter into costly settlement or license agreements, pay costly damage awards, or face a temporary or permanent injunction prohibiting us from importing, marketing or selling certain of our products. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations to us.

Finally, our results of operations and cash flows have been and could continue to be affected in certain periods and on an ongoing basis by the imposition, accrual and payment of copyright levies or similar fees. In certain countries (primarily in Europe), proceedings are ongoing or have been concluded involving HP in which groups representing copyright owners sought to impose upon and collect from HP levies upon equipment (such as PCs, MFDs and printers) alleged to be copying devices under applicable laws. Other such groups have also sought to modify existing levy schemes to increase the amount of the levies that can be collected from HP. Other countries that have not imposed levies on these types of devices are expected to extend existing levy schemes, and countries that do not currently have levy schemes may decide to impose copyright levies on these types of devices. The total amount of the copyright levies will depend on the types of products determined to be subject to the levy, the number of units of those products sold during the period covered by the levy, and the per unit fee for each type of product, all of which are affected by several factors, including the outcome of ongoing litigation involving HP and other industry participants and possible action by the legislative

bodies in the applicable countries, and could be substantial. Consequently, the ultimate impact of these copyright levies or similar fees, and the ability of HP to recover such amounts through increased prices, remain uncertain.

Due to the international nature of our business, political or economic changes or other factors could harm our future revenue, costs and expenses and financial condition.

Sales outside the United States make up approximately 65% of our net revenue. In addition, an increasing portion of our business activity is being conducted in emerging markets, including Brazil, Russia, India and China. Our future revenue, gross margin, expenses and financial condition could suffer due to a variety of international factors, including:

- ongoing instability or changes in a country's or region's economic or political conditions, including inflation, recession, interest rate fluctuations and actual or anticipated military or political conflicts;
- longer accounts receivable cycles and financial instability among customers;
- trade regulations and procedures and actions affecting production, pricing and marketing of products;
- local labor conditions and regulations, including local labor issues faced by specific HP suppliers and OMs;
- managing a geographically dispersed workforce;
- changes in the regulatory or legal environment;
- differing technology standards or customer requirements;
- import, export or other business licensing requirements or requirements relating to making foreign direct investments, which could increase our cost of doing business in certain jurisdictions, prevent us from shipping products to particular countries or markets, affect our ability to obtain favorable terms for components, increase our operating costs or lead to penalties or restrictions;
- difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner and changes in tax laws; and
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points of exit and entry for our products and shipments.

The factors described above also could disrupt our product and component manufacturing and key suppliers located outside of the United States. For example, we rely on manufacturers in Taiwan for the production of notebook computers and other suppliers in Asia for product assembly and manufacture.

As approximately 65% of our sales are from countries outside of the United States, other currencies, particularly the euro, the British pound, Chinese yuan renminbi and the Japanese yen, can have an impact on HP's results (expressed in U.S. dollars). Currency variations also contribute to variations in sales of products and services in impacted jurisdictions. Accordingly, fluctuations in foreign currency rates, most notably the strengthening of the dollar against the euro, could adversely affect our revenue growth in future periods. In addition, currency variations can adversely affect margins on sales of our products in countries outside of the United States and margins on sales of products that include components obtained from suppliers located outside of the United States. We use a combination of forward contracts and options designated as cash flow hedges to protect against foreign currency exchange rate risks. The effectiveness of our hedges depends on our ability to accurately forecast future cash flows, which is particularly difficult during periods of uncertain demand for our products and

services and highly volatile exchange rates. As a result, we could incur significant losses from our hedging activities if our forecasts are incorrect. In addition, our hedging activities may be ineffective or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. Gains or losses associated with hedging activities also may impact our revenue and to a lesser extent our cost of sales and financial condition.

In many foreign countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act. For example, as discussed in Note 18 to the Consolidated Financial Statements, the German Public Prosecutor's Office, the U.S. Department of Justice and the SEC have been investigating allegations that certain current and former employees of HP engaged in bribery, embezzlement and tax evasion or were involved in kickbacks or other improper payments. Although we implement policies and procedures designed to facilitate compliance with these laws, our employees, contractors and agents, as well as those companies to which we outsource certain of our business operations, may take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have an adverse effect on our business and reputation.

If we fail to manage the distribution of our products and services properly, our revenue, gross margin and profitability could suffer.

We use a variety of distribution methods to sell our products and services, including third-party resellers and distributors and both direct and indirect sales to both enterprise accounts and consumers. Successfully managing the interaction of our direct and indirect channel efforts to reach various potential customer segments for our products and services is a complex process. Moreover, since each distribution method has distinct risks and gross margins, our failure to implement the most advantageous balance in the delivery model for our products and services could adversely affect our revenue and gross margins and therefore our profitability. Other distribution risks are described below.

- Our financial results could be materially adversely affected due to channel conflicts or if the financial conditions of our channel partners were to weaken.

  Our future operating results may be adversely affected by any conflicts that might arise between our various sales channels, the loss or deterioration of any alliance or distribution arrangement or the loss of retail shelf space. Moreover, some of our wholesale and retail distributors may have insufficient financial resources and may not be able to withstand changes in business conditions, including economic weakness and industry consolidation. Many of our significant distributors operate on narrow product margins and have been negatively affected by business pressures. Considerable trade receivables that are not covered by collateral or credit insurance are outstanding with our distribution and retail channel partners. Revenue from indirect sales could suffer, and we could experience disruptions in distribution if our distributors' financial conditions, abilities to borrow funds in the credit markets or operations weaken.

- Our inventory management is complex as we continue to sell a significant mix of products through distributors.

  We must manage inventory effectively, particularly with respect to sales to distributors, which involves forecasting demand and pricing issues. Distributors may increase orders during periods of product shortages, cancel orders if their inventory is too high or delay orders in anticipation of new products. Distributors also may adjust their orders in response to the supply of our products and the products of our competitors and seasonal fluctuations in end-user demand. Our reliance upon indirect distribution methods may reduce visibility to demand and pricing issues, and therefore make forecasting more difficult. If we have excess or obsolete inventory, we may have to reduce our prices and write down inventory. Moreover, our use of indirect distribution channels may limit our willingness or ability to adjust prices quickly and otherwise to respond to

pricing changes by competitors. We also may have limited ability to estimate future product rebate redemptions in order to price our products effectively.

If we do not effectively manage our product and services transitions, our revenue may suffer.

Many of the industries in which we compete are characterized by rapid technological advances in hardware performance and software features and functionality; frequent introduction of new products; short product life cycles; and continual improvement in product price characteristics relative to product performance. Among the risks associated with the introduction of new products and services are delays in development or manufacturing, variations in costs, delays in customer purchases or reductions in price of existing products in anticipation of new introductions, difficulty in predicting customer demand for the new offerings and effectively managing inventory levels so that they are in line with anticipated demand, risks associated with customer qualification and evaluation of new products and the risk that new products may have quality or other defects or may not be supported adequately by application software. If we do not make an effective transition from existing products and services to future offerings, our revenue may decline.

Our revenue and gross margin also may suffer due to the timing of product or service introductions by our suppliers and competitors. This is especially challenging when a product has a short life cycle or a competitor introduces a new product just before our own product introduction. Furthermore, sales of our new products and services may replace sales, or result in discounting of some of our current offerings, offsetting the benefit of even a successful introduction. There also may be overlaps in the current products and services of HP and portfolios acquired through mergers and acquisitions that we must manage. In addition, it may be difficult to ensure performance of new customer contracts in accordance with our revenue, margin and cost estimates and to achieve operational efficiencies embedded in our estimates. Given the competitive nature of our industry, if any of these risks materializes, future demand for our products and services and our results of operations may suffer.

Our revenue and profitability could suffer if we do not manage the risks associated with our IT services business properly.

The size and significance of the IT services portion of our business has increased in recent periods. The risks that accompany that business differ from those of our other businesses and include the following:

- The pricing and other terms of some of our IT services agreements, particularly our long-term IT outsourcing services agreements, require us to make estimates and assumptions at the time we enter into these contracts that could differ from actual results. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could make these agreements less profitable or unprofitable, which would have an adverse affect on the profit margin of our IT services business.
- Some of our IT services agreements require significant investment in the early stages that is expected to be recovered through billings over the life of the agreement. These agreements often involve the construction of new IT systems and communications networks and the development and deployment of new technologies. Substantial performance risk exists in each agreement with these characteristics, and some or all elements of service delivery under these agreements are dependent upon successful completion of the development, construction and deployment phases. Any failure to perform satisfactorily under these agreements may expose us to legal liability, result in the loss of customers and harm our reputation, which could decrease the revenues and profitability of our IT services business.

- Some of our outsourcing services agreements contain pricing provisions that permit a client to request a benchmark study by a mutually acceptable third party. The benchmarking process typically compares the contractual price of our services against the price of similar services offered by other specified providers in a peer comparison group, subject to agreed upon adjustment and normalization factors. Generally, if the benchmarking study shows that our pricing has a difference outside a specified range, and the difference is not due to the unique requirements of the client, then the parties will negotiate in good faith any appropriate adjustments to the pricing. This may result in the reduction of our rates for the benchmarked services performed after the implementation of those pricing adjustments, which could decrease the revenues and profitability of our IT services business.

If we fail to comply with our customer contracts or government contracting regulations, our revenue could suffer.

Our contracts with our customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial and local governmental customers are subject to various procurement regulations, contract provisions and other requirements relating to their formation, administration and performance. Any failure by us to comply with the specific provisions in our customer contracts or any violation of government contracting regulations could result in the imposition of various civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments and, in the case of our government contracts, fines and suspension from future government contracting. In addition, we have in the past been, and may in the future be, subject to *qui tam* litigation brought by private individuals on behalf of the government relating to our government contracts, which could include claims for up to treble damages. Further, any negative publicity related to our customer contracts or any proceedings surrounding them, regardless of its accuracy, may damage our business by affecting our ability to compete for new contracts. If our customer contracts are terminated, if we are suspended from government work, or if our ability to compete for new contracts is adversely affected, we could suffer a reduction in expected revenue.

We make estimates and assumptions in connection with the preparation of HP's Consolidated Financial Statements, and any changes to those estimates and assumptions could adversely affect our results of operations.

In connection with the preparation of HP's Consolidated Financial Statements, we use certain estimates and assumptions based on historical experience and other factors. Our most critical accounting estimates are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report. In addition, as discussed in Note 18 to the Consolidated Financial Statements, we make certain estimates, including decisions related to provisions for legal proceedings and other contingencies. While we believe that these estimates and assumptions are reasonable under the circumstances, they are subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could adversely affect our results of operations.

Unanticipated changes in HP's tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could affect our profitability.

We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our tax liabilities are affected by the amounts we charge for inventory, services, licenses, funding and other items in intercompany transactions. We are subject to ongoing tax audits in various jurisdictions. Tax authorities may disagree with our intercompany charges, cross-jurisdictional transfer pricing or other matters and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the amounts ultimately paid upon

resolution of audits could be materially different from the amounts previously included in our income tax expense and therefore could have a material impact on our tax provision, net income and cash flows. In addition, our effective tax rate in the future could be adversely affected by changes to our operating structure, changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in tax laws and the discovery of new information in the course of our tax return preparation process. In particular, the carrying value of deferred tax assets, which are predominantly in the United States, is dependent on our ability to generate future taxable income in the United States. In addition, President Obama's administration has announced proposals for other U.S. tax legislation that, if adopted, could adversely affect our tax rate. There are also other tax proposals that have been introduced, that are being considered, or that have been enacted by the United States Congress or the legislative bodies in foreign jurisdictions that could affect our tax rate, the carrying value of deferred tax assets, or our other tax liabilities. For example, the Commonwealth of Puerto Rico has enacted tax legislation effective on January 1, 2011 that, in certain situations, would impose a new, temporary excise tax relating to our non-Puerto Rican subsidiaries that sell products manufactured by our Puerto Rican subsidiaries. Any of these changes could affect our profitability.

Our sales cycle makes planning and inventory management difficult and future financial results less predictable.

In some of our segments, our quarterly sales often have reflected a pattern in which a disproportionate percentage of each quarter's total sales occur towards the end of such quarter. This uneven sales pattern makes prediction of revenue, earnings, cash flow from operations and working capital for each financial period difficult, increases the risk of unanticipated variations in quarterly results and financial condition and places pressure on our inventory management and logistics systems. If predicted demand is substantially greater than orders, there will be excess inventory. Alternatively, if orders substantially exceed predicted demand, we may not be able to fulfill all of the orders received in the last few weeks of each quarter. Other developments late in a quarter, such as a systems failure, component pricing movements, component shortages or global logistics disruptions, could adversely impact inventory levels and results of operations in a manner that is disproportionate to the number of days in the quarter affected.

We experience some seasonal trends in the sale of our products that also may produce variations in quarterly results and financial condition. For example, sales to governments (particularly sales to the United States government) are often stronger in the third calendar quarter, consumer sales are often stronger in the fourth calendar quarter, and many customers whose fiscal and calendar years are the same spend their remaining capital budget authorizations in the fourth calendar quarter prior to new budget constraints in the first calendar quarter of the following year. European sales are often weaker during the summer months. Demand during the spring and early summer also may be adversely impacted by market anticipation of seasonal trends. Moreover, to the extent that we introduce new products in anticipation of seasonal demand trends, our discounting of existing products may adversely affect our gross margin prior to or shortly after such product launches. Typically, our third fiscal quarter is our weakest and our fourth fiscal quarter is our strongest. Many of the factors that create and affect seasonal trends are beyond our control.

Any failure by us to execute on our strategy for operational efficiency successfully could result in total costs and expenses that are greater than expected.

We have adopted an operating framework that includes a disciplined focus on operational efficiency. As part of this framework, we have adopted several initiatives, including a multi-year program announced in 2006 to reduce real estate costs by consolidating several hundred HP real estate locations worldwide to fewer core sites, and a multi-year process of examining every function and every one of our businesses and functions in order to optimize efficiency and reduce cost. We have also

implemented a workforce restructuring program in fiscal 2008 relating to our acquisition of Electronic Data Systems Corporation ("EDS"), a workforce restructuring program in fiscal 2009 relating to our product businesses and a multi-year restructuring plan in the third quarter of fiscal 2010 relating to our enterprise services business.

Our ability to achieve the anticipated cost savings and other benefits from these initiatives within the expected time frame is subject to many estimates and assumptions, including estimates and assumptions regarding the cost of consolidating real estate locations, the amount of accelerated depreciation or asset impairment to be incurred when we vacate facilities or cease using equipment before the end of their respective lease term or asset life, and the costs and timing of other activities in connection with these initiatives. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. In addition, there are significant risks associated with our workforce restructuring programs, including potential delays in the implementation of those programs in highly regulated locations outside of the United States, particularly in Europe and Asia, decreases in employee morale, and the failure to meet operational targets due to the loss of employees. If these estimates and assumptions are incorrect, if we experience delays, or if other unforeseen events occur, our business and results of operations could be adversely affected.

In order to be successful, we must attract, retain and motivate key employees, and failure to do so could seriously harm us.

In order to be successful, we must attract, retain and motivate executives and other key employees, including those in managerial, technical, sales, marketing and IT support positions. Hiring and retaining qualified executives, engineers, skilled solutions providers in the IT support business and qualified sales representatives are critical to our future, and competition for experienced employees in the IT industry can be intense. In order to attract and retain executives and other key employees in a competitive marketplace, we must provide a competitive compensation package, including cash and share-based compensation. Our primary form of share-based incentive award is performance-based restricted stock units, which contain conditions relating to HP's long-term financial and stock price performance that makes the future value of those awards uncertain. If the anticipated value of such share-based incentive awards does not materialize, if our share-based compensation otherwise ceases to be viewed as a valuable benefit, or if our total compensation package is not viewed as being competitive, our ability to attract, retain, and motivate executives and key employees could be weakened. The failure to successfully hire executives and key employees or the loss of any executives and key employees could have a significant impact on our operations.

Terrorist acts, conflicts and wars may seriously harm our business and revenue, costs and expenses and financial condition and stock price.

Terrorist acts, conflicts or wars (wherever located around the world) may cause damage or disruption to HP, our employees, facilities, partners, suppliers, distributors, resellers or customers. The potential for future attacks, the national and international responses to attacks or perceived threats to national security, and other actual or potential conflicts or wars, including the ongoing military operations in Iraq and Afghanistan have created many economic and political uncertainties. In addition, as a major multinational company with headquarters and significant operations located in the United States, actions against or by the United States may impact our business or employees. Although it is impossible to predict the occurrences or consequences of any such events, they could result in a decrease in demand for our products, make it difficult or impossible to deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and result in the need to impose employee travel restrictions. We are predominantly uninsured for losses and interruptions caused by terrorist acts, conflicts and wars.

Any failure by us to identify, manage, complete and integrate acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects, and the costs, expenses and other financial and operational effects associated with managing, completing and integrating acquisitions may result in financial results that are different than expected.

As part of our business strategy, we frequently acquire complementary companies or businesses, divest non-core businesses or assets, enter into strategic alliances and joint ventures and make investments to further our business (collectively, "business combination and investment transactions"). In order to pursue this strategy successfully, we must identify suitable candidates for and successfully complete business combination and investment transactions, some of which may be large and complex, and manage post-closing issues such as the integration of acquired companies or employees. We may not fully realize all of the anticipated benefits of any business combination and investment transaction, and the timeframe for achieving benefits of a business combination and investment transaction may depend partially upon the actions of employees, suppliers or other third parties. In addition, the pricing and other terms of our contracts for business combination and investment transactions require us to make estimates and assumptions at the time we enter into these contracts, and, during the course of our due diligence, we may not identify all of the factors necessary to estimate our costs accurately. Any increased or unexpected costs, unanticipated delays or failure to meet contractual obligations could make these transactions less profitable or unprofitable. Moreover, if we fail to identify and successfully complete business combination and investment transactions that further our strategic objectives, we may be required to expend resources to develop products and technology internally, we may be at a competitive disadvantage or we may be adversely affected by negative market perceptions, any of which could adversely affect our revenue, gross margin and profitability.

Integration issues are complex, time-consuming and expensive and, without proper planning and implementation, could significantly disrupt our business. The challenges involved in integration include:

- combining product offerings and entering into new markets in which we are not experienced;
- convincing customers and distributors that the transaction will not diminish client service standards or business focus, preventing customers and distributors from deferring purchasing decisions or switching to other suppliers (which could result in our incurring additional obligations in order to address customer uncertainty), minimizing sales force attrition and coordinating sales, marketing and distribution efforts;
- consolidating and rationalizing corporate IT infrastructure, which may include multiple legacy systems from various acquisitions and integrating software code;
- minimizing the diversion of management attention from ongoing business concerns;
- persuading employees that business cultures are compatible, maintaining employee morale and retaining key employees, engaging with employee works councils representing an acquired company's non-U.S. employees, integrating employees into HP, correctly estimating employee benefit costs and implementing restructuring programs;
- coordinating and combining administrative, manufacturing, research and development and other operations, subsidiaries, facilities and relationships with third parties in accordance with local laws and other obligations while maintaining adequate standards, controls and procedures;
- achieving savings from supply chain integration; and
- managing integration issues shortly after or pending the completion of other independent transactions.

Managing business combination and investment transactions requires varying levels of management resources, which may divert our attention from other business operations. These business combination

and investment transactions also have resulted, and in the future may result, in significant costs and expenses and charges to earnings, including those related to severance pay, early retirement costs, employee benefit costs, asset impairment charges, charges from the elimination of duplicative facilities and contracts, in-process research and development charges, inventory adjustments, assumed litigation and other liabilities, legal, accounting and financial advisory fees, and required payments to executive officers and key employees under retention plans. Moreover, HP has incurred and will incur additional depreciation and amortization expense over the useful lives of certain assets acquired in connection with business combination and investment transactions, and, to the extent that the value of goodwill or intangible assets with indefinite lives acquired in connection with a business combination and investment transaction becomes impaired, we may be required to incur additional material charges relating to the impairment of those assets. In order to complete an acquisition, we may issue common stock, potentially creating dilution for existing stockholders. In addition, we may borrow to finance an acquisition, and the amount and terms of any potential future acquisition-related borrowings, as well as other factors, could affect our liquidity and financial condition and potentially our credit ratings. Any potential future downgrades in our credit rating associated with an acquisition could adversely affect our ability to borrow and cost of borrowing and result in more restrictive borrowing terms. In addition, HP's effective tax rate on an ongoing basis is uncertain, and business combination and investment transactions could impact our effective tax rate. We also may experience risks relating to the challenges and costs of closing a business combination and investment transaction and the risk that an announced business combination and investment transaction may not close. As a result, any completed, pending or future transactions may contribute to financial results that differ from the investment community's expectations in a given quarter.

Unforeseen environmental costs could impact our future net earnings.

We are subject to various federal, state, local and foreign laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, the content of our products and the recycling, treatment and disposal of our products including batteries. In particular, we face increasing complexity in our product design and procurement operations as we adjust to new and future requirements relating to the chemical and materials composition of our products, their safe use, the energy consumption associated with those products, climate change laws and regulations, and product take-back legislation. We could incur substantial costs, our products could be restricted from entering certain jurisdictions, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with environmental laws. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage, personal injury claims and clean up costs. Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of noncompliance or fault. The amount and timing of costs under environmental laws are difficult to predict.

Some anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

We have provisions in our certificate of incorporation and bylaws, each of which could have the effect of rendering more difficult or discouraging an acquisition of HP deemed undesirable by our Board of Directors. These include provisions:

- authorizing blank check preferred stock, which HP could issue with voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, HP's directors and officers;

- specifying that HP stockholders may take action only at a duly called annual or special meeting of stockholders and otherwise in accordance with our bylaws and limiting the ability of our stockholders to call special meetings;
- requiring advance notice of proposals by HP stockholders for business to be conducted at stockholder meetings and for nominations of candidates for election to our Board of Directors;
- requiring a vote by the holders of two-thirds of HP's outstanding shares to amend certain bylaws relating to HP stockholder meetings, the Board of Directors and indemnification; and
- controlling the procedures for conduct of HP Board and stockholder meetings and election, appointment and removal of HP directors.

These provisions, alone or together, could deter or delay hostile takeovers, proxy contests and changes in control or management of HP. As a Delaware corporation, HP also is subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders from engaging in certain business combinations without approval of the holders of substantially all of HP's outstanding common stock.

Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control of HP could limit the opportunity for our stockholders to receive a premium for their shares of HP common stock and also could affect the price that some investors are willing to pay for HP common stock.

ITEM 1B. Unresolved Staff Comments.

Not applicable.

ITEM 2. Properties.

As of October 31, 2010, we owned or leased a total of approximately 80 million square feet of space worldwide. We owned 45% of this space and leased the remaining 55%. Included in these amounts are 14 million square feet of vacated space, of which 2 million square feet is leased to non-HP interests. We believe that our existing properties are in good condition and are suitable for the conduct of our business.

As of October 31, 2010, HP core sales and support operations occupied approximately 10 million square feet. We own 34% of the space used for sales and support activities and lease the remaining 66%.

HP core manufacturing plants, research and development facilities and warehouse and administrative facilities occupied approximately 56 million square feet. We own 45% of our manufacturing, research and development, warehouse and administrative space and lease the remaining 55%. Our plants are equipped with machinery, most of which we own and which, in part, we developed to meet the special requirements of our manufacturing processes. We continue to execute on our plan to reduce our real estate costs and increase our productive utilization by consolidating into several hundred HP core real estate locations worldwide.

As mentioned above in Item 1. Business, we have seven business segments: Services, ESS, HP Software, PSG, IPG, HPFS, and Corporate Investments. Because of the interrelation of these segments, a majority of these segments use substantially all of the properties at least in part, and we retain the flexibility to use each of the properties in whole or in part for each of the segments.

Principal Executive Offices

Our principal executive offices, including our global headquarters, are located at 3000 Hanover Street, Palo Alto, California, United States of America.

Headquarters of Geographic Operations

The locations of our headquarters of geographic operations at October 31, 2010 were as follows:

Americas	*Europe, Middle East, Africa*	*Asia Pacific*
Houston, United States	Geneva, Switzerland	Singapore
Miami, United States		Tokyo, Japan
Mississauga, Canada		

Product Development and Manufacturing

The locations of our major product development, manufacturing, and HP Labs at October 31, 2010 were as follows:

Americas

Aguadilla, Puerto Rico

Cupertino, Roseville, San Diego, and Woodland, California

Fort Collins, Colorado

Boise, Idaho

Indianapolis, Indiana

Andover, Massachusetts

Corvallis, Oregon

LaVergne, Tennessee

Houston, Texas

Sandston, Virginia

Vancouver, Washington

Europe, Middle East, Africa

Herrenberg, Germany

Leixlip, Ireland

Kiryat-Gat, Nes Ziona, and Netanya, Israel

Amersfoort, The Netherlands

Sant Cugat del Valles, Spain

Erskine, United Kingdom

Asia Pacific

ChongQing and Shanghai, China

Udham Singh Nagar, India

Tokyo, Japan

Singapore

Hewlett-Packard Laboratories

Bangalore, India

Beijing, China

Bristol, United Kingdom

Fusionopolis, Singapore

Haifa, Israel

Palo Alto, United States

St. Petersburg, Russia

ITEM 3. Legal Proceedings.

Information with respect to this item may be found in Note 18 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Information regarding the market prices of HP common stock and the markets for that stock may be found in the "Quarterly Summary" in Item 8 and on the cover page of this Annual Report on Form 10-K, respectively, which are incorporated herein by reference. We have declared and paid cash dividends each fiscal year since 1965. The trend has been to declare $0.16 per share in each first fiscal quarter and third fiscal quarter and to pay $0.08 per share in each fiscal quarter. As of November 30, 2010, there were approximately 118,100 stockholders of record. Additional information concerning dividends may be found in "Selected Financial Data" in Item 6 and in Item 8, which are incorporated herein by reference.

Recent Sales of Unregistered Securities

There were no unregistered sales of equity securities in fiscal 2010 that have not been previously reported in a Quarterly Report on Form 10-Q.

Issuer Purchases of Equity Securities

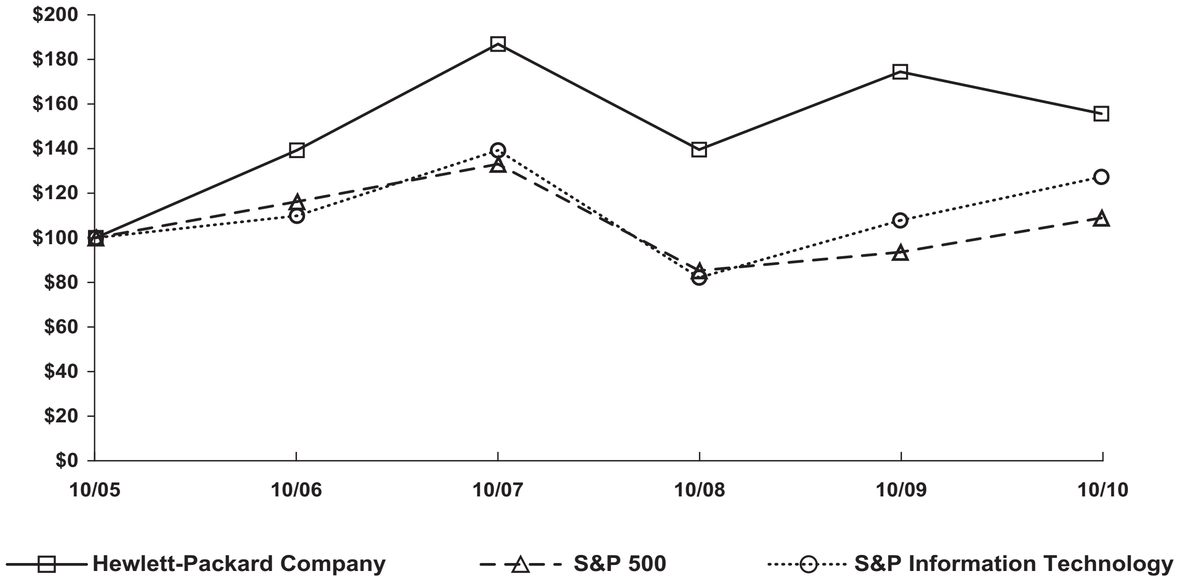
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
	In thousands, except per share amounts			
Month #1 (August 2010)	27,964	$41.97	27,964	$13,701,215
Month #2 (September 2010)	34,312	$39.52	34,312	$12,345,379
Month #3 (October 2010)	34,204	$41.90	34,204	$10,912,310
Total	96,480	$41.07	96,480	

HP repurchased shares in the fourth quarter of fiscal 2010 under an ongoing program to manage the dilution created by shares issued under employee stock plans as well as to repurchase shares opportunistically. This program, which does not have a specific expiration date, authorizes repurchases in the open market or in private transactions. All shares repurchased in the fourth quarter of fiscal 2010 were purchased in open market transactions.

As of October 31, 2010, HP had remaining authorization of $10.9 billion for future share repurchases under the $8.0 billion and $10.0 billion repurchase authorizations approved by HP's Board of Directors on November 19, 2009 and August 29, 2010, respectively.

Stock Performance Graph and Cumulative Total Return

The graph below shows the cumulative total stockholder return assuming the investment of $100 on the date specified (and the reinvestment of dividends thereafter) in each of HP common stock, the S&P 500 Index, and the S&P Information Technology Index.(1) The comparisons in the graph below are based upon historical data and are not indicative of, or intended to forecast, future performance of our common stock.



	10/05	10/06	10/07	10/08	10/09	10/10
Hewlett-Packard Company	100.00	139.54	187.52	139.83	174.99	156.07
S&P 500	100.00	116.34	133.28	85.17	93.52	108.97
S&P Information Technology	100.00	109.93	139.51	82.02	107.85	127.52

(1) The stock performance graph does not include HP's peer group because peer group information is represented and included in the S&P Information Technology Index.

ITEM 6. Selected Financial Data.

The information set forth below is not necessarily indicative of results of future operations and should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Consolidated Financial Statements and notes thereto included in Item 8, "Financial Statements and Supplementary Data," of this Form 10-K, which are incorporated herein by reference, in order to understand further the factors that may affect the comparability of the financial data presented below.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Selected Financial Data

	For the fiscal years ended October 31				
	2010	2009	2008	2007	2006
	In millions, except per share amounts				
Net revenue	$126,033	$114,552	$118,364	$104,286	$91,658
Earnings from operations[1]	$ 11,479	$ 10,136	$ 10,473	$ 8,719	$ 6,560
Net earnings	$ 8,761	$ 7,660	$ 8,329	$ 7,264	$ 6,198
Net earnings per share					
Basic	$ 3.78	$ 3.21	$ 3.35	$ 2.76	$ 2.23
Diluted	$ 3.69	$ 3.14	$ 3.25	$ 2.68	$ 2.18
Cash dividends declared per share	$ 0.32	$ 0.32	$ 0.32	$ 0.32	$ 0.32
At year-end:					
Total assets	$124,503	$114,799	$113,331	$ 88,699	$81,981
Long-term debt	$ 15,258	$ 13,980	$ 7,676	$ 4,997	$ 2,490

(1) Earnings from operations include the following items:

	2010	2009	2008	2007	2006
	In millions				
Amortization of purchased intangible assets	$1,484	$1,578	$ 1012	$ 973	$656
Restructuring charges	1,144	640	270	387	158
Pension curtailments and pension settlements, net	—	—	—	(517)	—
Acquisition-related charges	293	242	41	—	—
Total charges before taxes	$2,921	$2,460	$1,323	$ 843	$814
Total charges, net of taxes	$2,105	$1,733	$ 973	$ 690	$604

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes that appear elsewhere in this document.

OVERVIEW

We are a leading global provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses, and large enterprises, including customers in the government, health and education sectors. Our offerings span:

- multi-vendor customer services, including infrastructure technology and business process outsourcing, technology support and maintenance, application development and support services, and consulting and integration services;
- enterprise information technology infrastructure, including enterprise storage and server technology, networking products and solutions, information management software and software that optimizes business technology investments;
- personal computing and other access devices; and
- imaging and printing-related products and services.

We have seven business segments for financial reporting purposes: Services, Enterprise Storage and Servers ("ESS"), HP Software, the Personal Systems Group ("PSG"), the Imaging and Printing Group ("IPG"), HP Financial Services ("HPFS"), and Corporate Investments. Services, ESS and HP Software are reported collectively as a broader HP Enterprise Business. While the HP Enterprise Business is not an operating segment, we sometimes provide financial data aggregating the segments within it in order to provide a supplementary view of our business.

Our strategy and operations are currently focused on the following initiatives:

Competitive Positioning

We are positioning our businesses to take advantage of important trends in the markets for our products and services. For example, we are aligning our printing business to capitalize on key market trends such as the shift from analog to digital printing and the growth in printable content by developing innovative products for consumers such as the first web-connected home printer, working to enable web and mobile printing, expanding our presence in high-usage annuity businesses including graphics and retail publishing printing, and growing our managed print services business. We are also positioning our enterprise business to capitalize on the trend towards converged infrastructure products that integrate storage, networking, servers and management software, while also delivering services for that converged infrastructure in a manner that best fits each client's needs, be it at a client site, as an outsourced service via the Internet or via a hybrid approach. In addition, we have developed IT management software offerings that seek to satisfy the increasing demand for virtualization management and increased automation.

Driving Operational Efficiency

We are working to optimize efficiency across the company. As part of those efforts, we are continuing to execute on our multi-year program to consolidate real estate locations worldwide to fewer

core sites in order to reduce our IT spending and real estate costs. We are also continuing to implement the restructuring plan announced in the fourth quarter of fiscal 2008 to optimize the cost structure of our Services business and the restructuring plan announced in May 2009 to structurally change and improve the effectiveness of several of our product businesses. In June 2010, we announced and started implementing a new restructuring plan that will consolidate data centers, systems and tools to better position for growth our enterprise services business, which includes our infrastructure technology outsourcing, application services, and business process outsourcing business units. See Note 8 to the Consolidated Financial Statements in Item 8 for further discussion of these restructuring plans and the associated restructuring charges.

Investing for Growth

We are investing for growth by strengthening our position in our core markets and accelerating growth in adjacent markets in anticipation of market trends, such as data center consolidation and automation, cloud computing and virtualization, digitization, IT security, and mobility and connectivity. For example, we are increasing our sales coverage and investing in our sales channels to better address the markets we cover, including further expansion in emerging markets. We are creating innovative new products and developing new channels to connect with our customers. In addition, we have been making focused investments in innovation to strengthen our portfolio of products and services that we can offer to our customers, both through acquisitions and through organic growth. A critical component of this strategy was our acquisition of Electronic Data Systems Corporation (''EDS'') in August 2008, which has increased the size and breadth of our services business and enabled us to provide comprehensive IT product and services solutions to our customers. In addition, with the completion of the acquisition of 3Com Corporation (''3Com'') in April 2010, we are accelerating our investments in networking. In July 2010, we completed the acquisition of Palm, Inc. (''Palm''), which enhances our ability to participate more aggressively in the growing smartphone and connected mobile device markets. In September 2010, we completed the acquisition of 3PAR Inc. (''3PAR''), which expands our storage portfolio into enterprise-class public and private cloud computing environments. In October 2010, we completed the acquisition of ArcSight, Inc. (''ArcSight''), which enables us to offer customers an integrated security platform with a holistic approach to securing their networks, applications and sensitive data. These acquisitions have enabled us to expand in high-margin and high-growth industry segments and have further strengthened our portfolio of hardware, software and services.

Leveraging our Portfolio and Scale

We now offer one of the IT industry's broadest portfolios of products and services, and we leverage that portfolio to our strategic advantage. For example, in our enterprise business, we are able to provide servers, storage and networking products packaged with services that can be delivered to customers in the manner of their choosing, be it in-house, outsourced as a service via the Internet or via a hybrid environment. Our portfolio of management software completes the package by allowing our customers to manage their IT operations in an efficient and cost-effective manner. In addition, we are working to optimize our supply chain by eliminating complexity, reducing fixed costs, and leveraging our scale to ensure the availability of components at favorable prices even during shortages. We are also expanding our use of industry standard components in our enterprise products to further leverage our scale.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Management's Discussion and Analysis of
Financial Condition and Results of Operations (Continued)

The following provides an overview of our key fiscal 2010 financial metrics and demonstrates how our execution has translated into financial performance:

	HP[1] Consolidated	HP Enterprise Business Services	ESS	HP Software	Total	PSG	IPG	HPFS
	In millions, except per share amounts							
Net revenue	$126,033	$34,935	$18,651	$3,586	$57,172	$40,741	$25,764	$3,047
Year-over-year net revenue % increase	10.0%	0.7%	21.4%	0.4%	6.6%	15.4%	7.3%	14.0%
Earnings from operations	$ 11,479	$ 5,609	$ 2,402	$ 759	$ 8,770	$ 2,032	$ 4,412	$ 281
Earnings from operations as a % of net revenue	9.1%	16.1%	12.9%	21.2%	15.3%	5.0%	17.1%	9.2%
Net earnings	$ 8,761							
Net earnings per share								
Basic	$ 3.78							
Diluted	$ 3.69							

(1) Includes Corporate Investments and eliminations.

Cash and cash equivalents at October 31, 2010 totaled $10.9 billion, a decrease of $2.4 billion from the October 31, 2009 balance of $13.3 billion. The decrease for fiscal 2010 was due primarily to $11.0 billion of cash used to repurchase common stock, $8.1 billion of net cash paid for business acquisitions, and $3.5 billion net investment in property, plant and equipment, all of which were partially offset by $11.9 billion of cash provided from operations, $6.0 billion of increased net borrowings, and $2.6 billion of proceeds related to issuance of common stock under employee stock plans.

We intend the discussion of our financial condition and results of operations that follows to provide information that will assist in understanding our Consolidated Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our Consolidated Financial Statements.

The discussion of results of operations at the consolidated level is followed by a more detailed discussion of results of operations by segment.

For a further discussion of trends, uncertainties and other factors that could impact our operating results, see the section entitled "Risk Factors" in Item 1A, which is incorporated herein by reference.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

General

The Consolidated Financial Statements of HP are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which require management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, net revenue and expenses, and the disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Senior management has discussed the

development, selection and disclosure of these estimates with the Audit Committee of HP's Board of Directors. Management believes that the accounting estimates employed and the resulting balances are reasonable; however, actual results may differ from these estimates under different assumptions or conditions.

The summary of significant accounting policies is included in Note 1 to the consolidated financial statements in Item 8. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably could have been used, or if changes in the estimate that are reasonably possible could materially impact the financial statements. Management believes the following critical accounting policies reflect the significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

Revenue Recognition

We enter into contracts to sell our products and services, and, while the majority of our sales agreements contain standard terms and conditions, there are agreements that contain multiple elements or non-standard terms and conditions. As a result, significant contract interpretation is sometimes required to determine the appropriate accounting, including whether the deliverables specified in a multiple element arrangement should be treated as separate units of accounting for revenue recognition purposes, and, if so, how the price should be allocated among the elements and when to recognize revenue for each element. We recognize revenue for delivered elements only when the delivered elements have standalone value, uncertainties regarding customer acceptance are resolved and there are no customer-negotiated refund or return rights for the delivered elements. If the arrangement includes a customer-negotiated refund or return right relative to the delivered item and the delivery and performance of the undelivered item is considered probable and substantially in our control, the delivered element constitutes a separate unit of accounting. Changes in the allocation of the sales price between elements may impact the timing of revenue recognition but will not change the total revenue recognized on the contract.

We recognize revenue as work progresses on certain fixed price contracts, such as consulting arrangements. Using a proportional performance method, we estimate the total expected labor costs in order to determine the amount of revenue earned to date. We follow this basis because reasonably dependable estimates of the labor costs applicable to various stages of a contract can be made. Total contract profit is subject to revisions throughout the life of the contract. We record changes in revenue to income, as a result of revisions to cost estimates, in the period in which the facts that give rise to the revision become known.

We recognize revenue on certain design and build (design, development and/or constructions of software and/or systems) projects using the percentage-of-completion method. We use the cost-to-cost method of measurement towards completion as determined by the percentage of cost incurred to date to the total estimated costs of the project. In circumstances when reasonable and reliable cost estimates for a project cannot be made, we recognize revenue using the completed contract method.

We record estimated reductions to revenue for customer and distributor programs and incentive offerings, including price protection, promotions, other volume-based incentives and expected returns. Future market conditions and product transitions may require us to take actions to increase customer incentive offerings, possibly resulting in an incremental reduction of revenue at the time the incentive is offered. Additionally, certain incentive programs require us to estimate, based on historical experience

and the specific terms and conditions of the incentive, the number of customers who will actually redeem the incentive.

Under our current revenue recognition policies, which were applied in fiscal 2010 and 2009, we establish vendor-specific objective evidence ("VSOE") of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. Third-party evidence of selling price is established by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. The best estimate of selling price ("ESP") is established considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. Consideration is also given to market conditions such as competitor pricing strategies and industry technology life cycles. When determining our best estimate of selling price, we apply management judgment when establishing margin objectives and pricing strategies and evaluating market conditions and product life cycles. We may modify or develop new go-to-market practices in the future. As these go-to-market strategies evolve, we may modify our pricing practices in the future, which may result in changes in selling prices, impacting both VSOE and ESP. The aforementioned factors may result in a different allocation of revenue to the deliverables in multiple element arrangements from the current fiscal year, which may change the pattern and timing of revenue recognition for these elements but will not change the total revenue recognized for the arrangement.

For 2008, pursuant to the previous guidance for revenue arrangements with multiple deliverables, HP allocated revenue to each element based on relative fair value, or, for software, based on VSOE of fair value.

Warranty Provision

We provide for the estimated cost of product warranties at the time we recognize revenue. We evaluate our warranty obligations on a product group basis. Our standard product warranty terms generally include post-sales support and repairs or replacement of a product at no additional charge for a specified period of time. While we engage in extensive product quality programs and processes, including actively monitoring and evaluating the quality of our component suppliers, we base our estimated warranty obligation upon warranty terms, ongoing product failure rates, repair costs, product call rates, average cost per call, and current period product shipments. If actual product failure rates, repair rates or any other post sales support costs were to differ from our estimates, we would be required to make revisions to the estimated warranty liability. Warranty terms generally range from 90 days to three years for parts and labor, depending upon the product. Over the last three fiscal years, the annual warranty provision has averaged approximately 3.5% of annual net product revenue, while actual annual warranty costs have experienced favorable trends and averaged approximately 3.3% of annual net product revenue.

Business Combinations

We allocate the purchase price of acquired companies to the tangible assets acquired, liabilities assumed and intangible assets acquired, including in-process research and development ("IPR&D"), based on their estimated fair values. The excess of the purchase price over these fair values is recorded as goodwill. We engage independent third-party appraisal firms to assist us in determining the fair values of assets acquired and liabilities assumed. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets.

Critical estimates in valuing certain intangible assets include but are not limited to: future expected cash flows from customer contracts, customer lists, distribution agreements, and acquired developed technologies and patents; expected costs to develop IPR&D into commercially viable products and estimating cash flows from projects when completed; brand awareness and market position, as well as assumptions about the period of time the brand will continue to be used in our product portfolio; and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Other estimates associated with the accounting for acquisitions may change as additional information becomes available regarding the assets acquired and liabilities assumed, as more fully discussed in Note 6 to the Consolidated Financial Statements in Item 8.

Valuation of Goodwill and Purchased Intangible Assets

We review goodwill and purchased intangible assets with indefinite lives for impairment annually and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The provisions of the accounting standard for goodwill and other intangibles require that we perform a two-step impairment test on goodwill. In the first step, we compare the fair value of each reporting unit to its carrying value. In general, our reporting units are consistent with the reportable segments identified in Note 19 to the Consolidated Financial Statements in Item 8. However, for certain businesses within Corporate Investments, the reporting unit is one step below the segment level. We determine the fair value of our reporting units based on a weighting of income and market approaches. Under the income approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows. Under the market approach, we estimate the fair value based on market multiples of revenue or earnings for comparable companies. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and we are not required to perform further testing. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then we record an impairment loss equal to the difference. We also compare the fair value of purchased intangible assets with indefinite lives to their carrying value. We estimate the fair value of these intangible assets using an income approach. We recognize an impairment loss when the estimated fair value of the intangible asset is less than the carrying value.

Determining the fair value of a reporting unit or an indefinite-lived purchased intangible asset is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, assumed royalty rates, future economic and market conditions and determination of appropriate market comparables. We base our fair value estimates on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

Our annual goodwill impairment analysis, which we performed during the fourth quarter of fiscal 2010, did not result in an impairment charge. The excess of fair value over carrying value for each of HP's reporting units as of August 1, 2010, the annual testing date, ranged from approximately

$760 million to approximately $33 billion. In order to evaluate the sensitivity of the fair value calculations on the goodwill impairment test, we applied a hypothetical 10% decrease to the fair values of each reporting unit. This hypothetical 10% decrease would result in excess fair value over carrying value ranging from approximately $360 million to approximately $29 billion for each of HP's reporting units.

Restructuring

We have engaged, and may continue to engage, in restructuring actions, which require management to utilize significant estimates related to the timing and the expenses for severance and other employee separation costs, realizable values of assets made redundant or obsolete, lease cancellation and other exit costs. If the actual amounts differ from our estimates, the amount of the restructuring charges could be materially impacted. For a full description of our restructuring actions, refer to our discussions of restructuring in the Results of Operations section and Note 8 to the Consolidated Financial Statements in Item 8, which are incorporated herein by reference.

Stock-Based Compensation Expense

We recognize stock-based compensation expense for all share-based payment awards, net of an estimated forfeiture rate. We recognize compensation cost for only those shares expected to vest on a straight-line basis over the requisite service period of the award.

Determining the appropriate fair value model and calculating the fair value of share-based payment awards requires subjective assumptions, including the expected life of the share-based payment awards and stock price volatility. We utilize the Black-Scholes option pricing model to value the stock options granted under our principal option plans. To implement this model, we examined our historical pattern of option exercises to determine if there were any discernable activity patterns based on certain employee populations. From this analysis, we identified three employee populations to which to apply the Black-Scholes model. We determined that implied volatility calculated based on actively traded options on HP common stock is a better indicator of expected volatility and future stock price trends than historical volatility.

We issue performance-based restricted units ("PRUs") representing hypothetical shares of HP common stock. Each PRU award reflects a target number of shares that may be issued to the award recipient. We determine the actual number of shares the recipient receives at the end of a three-year performance period based on results achieved versus goals based on our annual cash flow from operations as a percentage of revenue and total shareholder return ("TSR") relative to the S&P 500 over the performance period. We use historic volatility for PRU awards as implied volatility cannot be used when simulating multivariate prices for companies in the S&P 500. We estimate the fair value of PRUs using the Monte Carlo simulation model, as the TSR modifier contains a market condition. We update the estimated expense, net of forfeitures, for the cash flow performance against the goal for that year at the end of each reporting period.

The assumptions used in calculating the fair value of share-based payment awards represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future. In addition, we are required to estimate the expected forfeiture rate and recognize expense only for those shares expected to vest. If our actual forfeiture rate is materially different from our estimate, the stock-based compensation

expense could be significantly different from what we have recorded in the current period. See Note 2 to the Consolidated Financial Statements in Item 8 for a further discussion on stock-based compensation.

Taxes on Earnings

We calculate our current and deferred tax provisions based on estimates and assumptions that could differ from the final positions reflected in our income tax returns filed during the subsequent year. We record adjustments based on filed returns when we have identified and finalized them, which is generally in the third and fourth quarters of the subsequent year for U.S. federal and state provisions, respectively.

We recognize deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year in which we expect the differences to reverse. We record a valuation allowance to reduce the deferred tax assets to the amount that we are more likely than not to realize.

We have considered future market growth, forecasted earnings, future taxable income, the mix of earnings in the jurisdictions in which we operate and prudent and feasible tax planning strategies in determining the need for a valuation allowance. In the event we were to determine that we would not be able to realize all or part of our net deferred tax assets in the future, we would increase the valuation allowance and make a corresponding charge to earnings in the period in which we make such determination. Likewise, if we later determine that we are more likely than not to realize the net deferred tax assets, we would reverse the applicable portion of the previously provided valuation allowance. In order for us to realize our deferred tax assets, we must be able to generate sufficient taxable income in the tax jurisdictions in which the deferred tax assets are located.

Our effective tax rate includes the impact of certain undistributed foreign earnings for which we have not provided U.S. taxes because we plan to reinvest such earnings indefinitely outside the United States. We plan foreign earnings remittance amounts based on projected cash flow needs as well as the working capital and long-term investment requirements of our foreign subsidiaries and our domestic operations. Based on these assumptions, we estimate the amount we will distribute to the United States and provide the U.S. federal taxes due on these amounts. Further, as a result of certain employment actions and capital investments we have undertaken, income from manufacturing activities in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, for fiscal years through 2024. Material changes in our estimates of cash, working capital and long-term investment requirements in the various jurisdictions in which we do business could impact our effective tax rate.

We are subject to income taxes in the United States and approximately eighty foreign countries, and we are subject to routine corporate income tax audits in many of these jurisdictions. We believe that our tax return positions are fully supported, but tax authorities are likely to challenge certain positions, which may not be fully sustained. However, our income tax expense includes amounts intended to satisfy income tax assessments that result from these challenges. Determining the income tax expense for these potential assessments and recording the related assets and liabilities requires management judgments and estimates. We evaluate our uncertain tax positions in accordance with the guidance for accounting for uncertainty in income taxes. We believe that our reserve for uncertain tax positions, including related interest, is adequate. The amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and therefore could have a material impact on our tax provision, net income and cash flows. Our reserve

for uncertain tax positions is attributable primarily to uncertainties concerning the tax treatment of our international operations, including the allocation of income among different jurisdictions, and related interest. We review our reserves quarterly, and we may adjust such reserves because of proposed assessments by tax authorities, changes in facts and circumstances, issuance of new regulations or new case law, previously unavailable information obtained during the course of an examination, negotiations between tax authorities of different countries concerning our transfer prices, execution of Advanced Pricing Agreements, resolution with respect to individual audit issues, the resolution of entire audits, or the expiration of statutes of limitations.

See Note 14 to the Consolidated Financial Statements in Item 8 for a further discussion on taxes on earnings.

Allowance for Doubtful Accounts

We determine our allowance for doubtful accounts using a combination of factors to ensure that we have not overstated our trade and financing receivables balances due to uncollectibility. We maintain an allowance for doubtful accounts for all customers based on a variety of factors, including the use of third-party credit risk models that generate quantitative measures of default probabilities based on market factors, the financial condition of customers, the length of time receivables are past due, trends in overall weighted-average risk rating of the total portfolio, macroeconomic conditions, significant one-time events and historical experience. Also, we record specific provisions for individual accounts when we become aware of specific customer circumstances, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. If circumstances related to customers change, we would further adjust our estimates of the recoverability of receivables either upward or downward. The annual provision for doubtful accounts has averaged approximately 0.03% of net revenue over the last three fiscal years. Using our third-party credit risk model at October 31, 2010, a 50-basis-point deterioration in the weighted-average default probabilities of our significant customers would have resulted in an approximately $64 million increase to our trade allowance at the end of fiscal year 2010.

Inventory

We state our inventory at the lower of cost or market. We make adjustments to reduce the cost of inventory to its net realizable value, if required, at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues. Revisions to these adjustments would be required if these factors differ from our estimates.

Fair Value of Financial Instruments

We measure certain financial assets and liabilities at fair value based on valuation techniques using the best information available, which may include quoted market prices, market comparables, and discounted cash flow projections. Financial instruments are primarily comprised of time deposits, money market funds, commercial paper, corporate and other debt securities, equity securities and other investments in common stock and common stock equivalents and derivative instruments.

Cash Equivalents and Investments: We hold time deposits, money market funds, commercial paper, other debt securities primarily consisting of corporate and foreign government notes and bonds, and

common stock and equivalents. In general, and where applicable, we use quoted prices in active markets for identical assets to determine fair value. If quoted prices in active markets for identical assets are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs that are observable either directly or indirectly. If quoted prices for identical or similar assets are not available, we use internally developed valuation models, whose inputs include bid prices, and third party valuations utilizing underlying asset assumptions.

Derivative Instruments: As discussed in Note 10 to the Consolidated Financial Statements in Item 8, we mainly hold non-speculative forwards, swaps and options to hedge certain foreign currency and interest rate exposures. When active market quotes are not available, we use industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit risk, foreign exchange rates, and forward and spot prices for currencies. In certain cases, market-based observable inputs are not available and, in those cases, we use management judgment to develop assumptions which are used to determine fair value.

Retirement Benefits

Our pension and other post-retirement benefit costs and obligations are dependent on various assumptions. Our major assumptions relate primarily to discount rates, salary growth, long-term return on plan assets and medical cost trend rates. We base the discount rate assumption on current investment yields of high quality fixed income investments during the retirement benefits maturity period. The salary growth assumptions reflect our long-term actual experience and future and near-term outlook. Long-term return on plan assets is determined based on historical portfolio results and management's expectation of the future economic environment, as well as target asset allocations.

Our medical cost trend assumptions are developed based on historical cost data, the near-term outlook and an assessment of likely long-term trends. Actual results that differ from our assumptions are accumulated and are amortized generally over the estimated future working life of the plan participants.

Our major assumptions vary by plan and the weighted-average rates used are set forth in Note 16 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. Each assumption has different sensitivity characteristics, and, in general, changes, if any, have moved in the same direction over the last several years. For fiscal 2010, changes in the weighted-average rates for the HP benefit plans would have had the following impact on our net periodic benefit cost:

- A decrease of 25 basis points in the long-term rate of return would have increased our net benefit cost by approximately $50 million;
- A decrease of 25 basis points in the discount rate would have increased our net benefit cost by approximately $65 million; and
- An increase of 25 basis points in the future compensation rate would have increased our net benefit cost by approximately $24 million.

Loss Contingencies

We are involved in various lawsuits, claims, investigations and proceedings that arise in the ordinary course of business. We record a provision for a liability when we believe that it is both probable that a liability has been incurred and the amount can be reasonably estimated. Significant

judgment is required to determine both probability and the estimated amount. We review these provisions at least quarterly and adjust these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Litigation is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates and assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and cash flows. See Note 18 to the Consolidated Financial Statements in Item 8 for a further discussion of litigation and contingencies.

ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued a new accounting standard related to the consolidation of variable interest entities. It eliminates the quantitative approach previously required for determining the primary beneficiary of a variable interest entity and requires ongoing qualitative reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. This new standard also requires additional disclosures about an enterprise's involvement in variable interest entities. We will adopt this new accounting standard in the first quarter of fiscal 2011. We do not expect the adoption of this standard will have a material effect on our consolidated financial statements.

CONSTANT CURRENCY PRESENTATION

Revenue from our international operations has historically represented, and we expect will continue to represent, a majority of our overall net revenue. As a result, our revenue growth has been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. In order to provide a framework for assessing how each of our business segments performed excluding the impact of foreign currency fluctuations, we present the year-over-year percentage change in revenue performance on a constant currency basis, which assumes no change in the exchange rate from the prior-year period. This constant currency disclosure is provided in addition to, and not as a substitute for, the year-over-year percentage change in revenue on an as-reported basis.

RESULTS OF OPERATIONS

The following discussion compares the historical results of operations on a GAAP basis for the fiscal years ended October 31, 2010, 2009, and 2008. Unless otherwise noted, all comparative performance data included below reflect year-over-year comparisons.

Results of operations in dollars and as a percentage of net revenue were as follows for the following fiscal years ended October 31:

	2010		2009		2008	
			In millions			
Net revenue	$126,033	100.0%	$114,552	100.0%	$118,364	100.0%
Cost of sales[1]	96,089	76.2%	87,524	76.4%	89,699	75.8%
Gross profit	29,944	23.8%	27,028	23.6%	28,665	24.2%
Research and development	2,959	2.3%	2,819	2.5%	3,543	3.0%
Selling, general and administrative	12,585	10.1%	11,613	10.1%	13,326	11.3%
Amortization of purchased intangible assets	1,484	1.1%	1,578	1.4%	1,012	0.9%
Restructuring charges	1,144	1.0%	640	0.6%	270	0.2%
Acquisition-related charges	293	0.2%	242	0.2%	41	—
Earnings from operations	11,479	9.1%	10,136	8.8%	10,473	8.8%
Interest and other, net	(505)	(0.4)%	(721)	(0.6)%	—	—
Earnings before taxes	10,974	8.7%	9,415	8.2%	10,473	8.8%
Provision for taxes	2,213	1.7%	1,755	1.5%	2,144	1.8%
Net earnings	$ 8,761	7.0%	$ 7,660	6.7%	$ 8,329	7.0%

(1) Cost of products, cost of services and financing interest.

Net Revenue

The components of the weighted net revenue change were as follows for the following fiscal years ended October 31:

	2010	2009
	Percentage Points	
Personal Systems Group	4.8	(5.9)
Enterprise Storage and Servers	2.9	(3.4)
Imaging and Printing Group	1.5	(4.7)
HP Financial Services	0.3	—
Corporate Investments/Other	0.3	(0.2)
Services	0.2	11.6
HP Software	—	(0.6)
Total HP	10.0	(3.2)

Fiscal 2010

In fiscal 2010, total HP net revenue increased 10% (8.3% on a constant currency basis). U.S. net revenue increased 7.8% to $44.5 billion, while net revenue from outside of the United States increased 11.3% to $81.5 billion. As reflected in the table above, the PSG segment was the largest contributor to HP net revenue growth as a result of balanced growth across the regions. An analysis of the change in net revenue for each business segment is included under "Segment Information" below.

Fiscal 2009

In fiscal 2009, the global slowdown of IT and consumer spending impacted each of our segments. Net revenue decreased 3.2% in fiscal 2009 (increased 1.3% on a constant currency basis). The unfavorable currency impact for fiscal 2009 was due primarily to the movement of the dollar against the euro. For fiscal 2009, the Services segment contributed favorably to the total HP net revenue change primarily as a result of the EDS acquisition. U.S. net revenue increased 12% to $41.3 billion for fiscal 2009 as compared to fiscal 2008, while net revenue from outside of the United States decreased 10% to $73.2 billion. The increase in U.S. net revenue in fiscal 2009 was primarily a result of the acquisition of EDS. An analysis of the change in net revenue for each business segment is included under "Segment Information" below.

Gross Margin

Fiscal 2010

In fiscal 2010, total HP gross margin increased by 0.2 percentage points. The increase was a result of an increased mix in networking products and rate increase in Services, the effect of which was partially offset by strong revenue growth in personal computers and printer hardware that have lower gross margins.

Services gross margin increased in fiscal 2010 due primarily to the continued focus on operating improvements, including delivery efficiencies and cost controls in our technology services business, and EDS-related acquisition synergies.

ESS gross margin declined in fiscal 2010 due primarily to a product mix shift resulting from the strength in industry standard servers ("ISS"), the effect of which was partially offset by lower product costs and strong volume.

HP Software gross margin increased in fiscal 2010 primarily as a result of a higher license and support mix, the effect of which was partially offset by a reduced services gross margin rate.

PSG gross margin declined in fiscal 2010 primarily as a result of higher component costs, the effect of which was partially offset by lower warranty and logistics expenses.

IPG gross margin declined in fiscal 2010 due primarily to a higher mix of hardware and a correspondingly lower mix of supplies, the effect of which was partially offset by cost savings associated with our ongoing efforts to optimize our supply chain.

HPFS gross margin increased in fiscal 2010 primarily as a result of higher portfolio margins due to favorable financing conditions and higher remarketing margin, the effect of which was partially offset by higher bad debt.

Corporate Investments gross margin increased in fiscal 2010 primarily as a result of the impact from the 3Com acquisition along with lower product costs for our network infrastructure products.

Fiscal 2009

Total HP gross margin decreased by 0.6 percentage points in fiscal 2009. From a segment perspective and on a weighted basis, ESS had the largest impact to the total company gross margin decline due to product mix shift and rate declines.

Services gross margin increased in fiscal 2009 due primarily to the continued focus on cost structure improvements, including delivery efficiencies and cost controls in our technology services business, and EDS-related acquisition synergies. This was partially offset by the mix effect from the acquisition of the EDS business, which has lower gross margins.

ESS gross margin decreased in fiscal 2009 due primarily to competitive pricing across each of the segment business units and product mix shifts.

HP Software gross margin increased in fiscal 2009 primarily as a result of favorable support and services revenue mix and improved services margins, the effect of which was partially offset by an unfavorable license revenue mix.

PSG gross margin declined in fiscal 2009, resulting from average selling prices ("ASPs") declining at a faster pace than component costs combined with a mix shift towards lower-end products, the effects of which were partially offset by lower warranty and supply chain costs and improvements in the option attach rate.

IPG gross margin improved in fiscal 2009 primarily as a result of an increase in the supplies mix and supplies pricing, the effect of which was partially offset by hardware margin declines.

HPFS gross margin declined in fiscal 2009 primarily as a result of unfavorable currency impacts, lower margins relating to end-of-lease activities, higher bad debt expenses and lower margins for remarketing and buyout activities, the effect of which was partially offset by higher portfolio margins.

Corporate Investments gross margin declined in fiscal 2009 primarily as a result of a unit volume decline in the sale of network infrastructure products and competitive pricing pressures.

Operating Expenses

Research and Development

Total research and development ("R&D") expense increased in fiscal 2010 due primarily to additional expenses from acquired companies. In fiscal 2010, R&D expense as a percentage of net revenue increased for Corporate Investments, HP Software and Services, decreased for ESS, PSG, and IPG and was flat for HPFS.

Total R&D expense decreased in fiscal 2009 due primarily to favorable currency impacts related to the movement of the dollar against the euro, as well as effective cost controls, the effect of which was partially offset by additional expenses related primarily to Services. In fiscal 2009, R&D expense as a percentage of net revenue decreased for ESS, PSG, and IPG, and increased for HP Software, Services and Corporate Investments.

Selling, General and Administrative

Selling, general and administrative ("SG&A") expense increased in fiscal 2010 due primarily to higher field selling and marketing costs as a result of our investments in sales resources to grow revenue. In fiscal 2010, SG&A expense as a percentage of net revenue increased for Corporate Investments and IPG, and decreased for ESS, HP Software, PSG, HPFS and Services even as we invested in incremental sales resources across the segments.

Total SG&A expense decreased in fiscal 2009 due primarily to favorable currency impacts related to the movement of the dollar against the euro, lower compensation expense as well as effective cost

management, the impact of which was partially offset by additional expenses related to the EDS acquisition. In fiscal 2009, SG&A expense as a percentage of net revenue decreased for each of our segments, except for Corporate Investments.

Amortization of Purchased Intangible Assets

The decrease in amortization expense in fiscal 2010 was due primarily to certain intangible assets associated with prior acquisitions reaching the end of their amortization periods, the effect of which was partially offset by increased amortization of purchased intangible assets from acquisitions completed during fiscal 2010.

The increase in amortization expense in fiscal 2009 was due primarily to amortization expenses related to the intangible assets purchased as part of the EDS acquisition.

For more information on our amortization of purchased intangibles assets, see Note 7 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Restructuring

Restructuring charges for fiscal 2010 were $1.1 billion. These charges included $650 million of severance and facility costs related to our fiscal 2010 enterprise services restructuring plan, $429 million of severance and facility costs related to our fiscal 2008 restructuring plan, $46 million and $18 million associated with the Palm and 3Com restructuring plans, respectively, and an increase of $1 million related to adjustments to other restructuring plans.

Restructuring charges for fiscal 2009 were $640 million. These charges included $346 million of severance and facility costs related to our fiscal 2008 restructuring plan, $297 million of severance costs associated with our fiscal 2009 restructuring plan, and a reduction of $3 million related to adjustments to other restructuring plans.

Restructuring charges for fiscal 2008 were $270 million, which included $246 million of charges due primarily to severance and facility costs related to the EDS acquisition and a net charge of $24 million relating to adjustments for existing restructuring programs.

For more information on our restructuring charges, see Note 8 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

As part of our ongoing business operations, we incurred workforce rebalancing charges for severance and related costs within certain business segments in fiscal 2010. Workforce rebalancing activities are considered part of normal operations as we continue to optimize our cost structure. Workforce rebalancing costs are included in our business segment results, and we expect to incur additional workforce rebalancing costs in the future.

Acquisition-Related Charges

In fiscal 2010, we recorded acquisition-related charges of $293 million primarily for consulting and integration costs, acquisition costs and retention bonuses associated with the EDS, 3Com, Palm, 3PAR and ArcSight acquisitions.

In fiscal 2009, we recorded acquisition-related charges of $242 million primarily for consulting and integration costs as well as retention bonuses associated with the EDS acquisition.

Interest and Other, Net

Interest and other, net improved by $216 million in fiscal 2010. The improvement was driven primarily by lower currency losses on balance sheet remeasurement items, lower interest expenses on debt balances due to lower interest rates, and a value-added tax refund, the effect of which was partially offset by an increase to our litigation accruals.

Interest and other, net decreased by $721 million in fiscal 2009. The decrease was driven primarily by higher interest expenses due to higher average debt balances principally related to the EDS acquisition, lower interest income as a result of lower interest rates, and higher currency losses on balance sheet remeasurement items. Additionally, there were higher gains from the sale of real estate in fiscal 2008 as compared to fiscal 2009.

Provision for Taxes

Our effective tax rates were 20.2%, 18.6% and 20.5% in fiscal 2010, 2009 and 2008, respectively. HP's effective tax rate generally differs from the U.S. federal statutory rate of 35% due to favorable tax rates associated with certain earnings from HP's operations in lower-tax jurisdictions throughout the world. HP has not provided U.S. taxes for all of its international earnings because HP plans to reinvest some of those earnings indefinitely outside the United States.

The increase in the overall tax rate in fiscal 2010 was due primarily to a decrease in the income tax benefits related to foreign earnings.

The decrease in the overall tax rate in fiscal 2009 was due primarily to the net income tax benefits recorded for fiscal 2009 which were related to foreign net operating losses, adjustments to estimated fiscal 2008 tax accruals upon filing the 2008 income tax returns, valuation allowance reversals for state and foreign net operating losses, and other miscellaneous items.

For a full reconciliation of our effective tax rate to the U.S. federal statutory rate of 35% and further explanation of our provision for taxes, see Note 14 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Segment Information

A description of the products and services, as well as financial data, for each segment can be found in Note 19 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. We have realigned segment financial data for the fiscal years ended October 31, 2009 and 2008 to reflect changes in HP's organizational structure that occurred at the beginning of the first quarter of fiscal 2010. We describe these changes more fully in Note 19. We have presented the business segments in this Annual Report on Form 10-K based on the distinct nature of various businesses such as customer base, homogeneity of products and technology. The discussions below include the results of each of our segments.

HP Enterprise Business

Services, ESS and HP Software are reported collectively as a broader HP Enterprise Business. We describe the results of the business segments of the HP Enterprise Business in more detail below.

Services

	For fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net revenue	$34,935	$34,693	$20,977
Earnings from operations	$ 5,609	$ 5,044	$ 2,518
Earnings from operations as a % of net revenue	16.1%	14.5%	12.0%

The components of the weighted net revenue change by business unit were as follows for the following fiscal years ended October 31:

	2010	2009
	Percentage Points	
Infrastructure technology outsourcing	1.2	37.1
Other	0.1	0.9
Technology services	(0.1)	(1.4)
Application services	(0.2)	18.0
Business process outsourcing	(0.3)	10.8
Total Services	0.7	65.4

Services net revenue increased 0.7% (decreased 1.7% when adjusted for currency) in fiscal 2010. Net revenue in infrastructure technology outsourcing increased by 2.6% in fiscal 2010. The revenue increase was due to favorable currency impact and growth in data center services and networking services. Net revenue in technology services declined by 0.4% in fiscal 2010. The revenue decline was due primarily to lower contract revenue tied to reduced levels of enterprise hardware sales in the prior-year period and market conditions in the current-year period, the effect of which was partially offset by a favorable currency impact. Net revenue in application services decreased by 1.1% in fiscal 2010. The revenue decrease was driven primarily by market conditions and existing contract completion, the effect of which was partially offset by new business and a favorable currency impact. Net revenue in business process outsourcing decreased by 3.5% in fiscal 2010. The revenue decrease was due primarily to a divestiture completed at the end of the third quarter of fiscal 2010 and economic conditions in certain industries with key clients, the effect of which was partially offset by a favorable currency impact.

Services earnings from operations as a percentage of net revenue increased by 1.6 percentage points in fiscal 2010. Operating margin increased primarily due to continued focus on operating improvements and cost initiatives that favorably impacted the cost structure of our enterprise services business, delivery efficiencies and cost controls in our technology services business, as well as EDS-related acquisition synergies.

Services net revenue increased 65.4% (71.6% when adjusted for currency) in fiscal 2009. The increase in revenues is due primarily to the acquisition of EDS on August 26, 2008. Net revenue in infrastructure technology outsourcing, application services and business process outsourcing increased due to the EDS acquisition. The net revenue increase in infrastructure technology outsourcing, application services, and business process outsourcing was partially offset by unfavorable currency impacts and a decline in spending from existing customers not being offset with new growth due to slowing demand in the current economic environment. Application services and business process outsourcing were impacted to a greater degree than infrastructure technology outsourcing. Net revenue

in technology services declined due primarily to unfavorable currency impacts and weak economic conditions, the effect of which was partially offset by growth in extended warranty.

Services earnings from operations as a percentage of net revenue increased by 2.5 percentage points in fiscal 2009. The operating margin increased due primarily to a decrease in operating expenses as a percentage of revenue. There was also an increase in gross margin for fiscal 2009. Operating expense declined as a result of a continued focus on cost structure improvements from overall cost controls. The gross margin in our Services segment increased for fiscal 2009 from fiscal 2008 due primarily to the continued focus on cost structure improvements, including delivery efficiencies and cost controls in our technology services business, and EDS-related acquisition synergies. This was partially offset by the mix effect from the acquisition of the EDS business, which has lower gross margins.

Enterprise Storage and Servers

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net revenue	$18,651	$15,359	$19,400
Earnings from operations	$ 2,402	$ 1,518	$ 2,577
Earnings from operations as a % of net revenue	12.9%	9.9%	13.3%

The components of the weighted net revenue change by business unit were as follows for the following fiscal years ended October 31:

	2010	2009
	Percentage Points	
Industry standard servers	21.3	(12.1)
Storage	2.0	(3.8)
Business critical systems	(1.9)	(4.9)
Total ESS	21.4	(20.8)

ESS net revenue increased 21.4% (18.9% when adjusted for currency) for fiscal 2010. ESS blades revenue increased by 37% in fiscal 2010. ISS net revenue increased by 35% in fiscal 2010, driven primarily by unit volume growth coupled with increased average unit prices due to improving market conditions and demand for the latest generation of ISS products. Storage net revenue increased by 9% in fiscal 2010, driven primarily by strong performance in products related to our acquisition of Lefthand Networks, and growth in high-end disk products and storage networking products. Business critical systems ("BCS") net revenue decreased 12%, due primarily to market conditions and competitive pressures, the effect of which was partially offset by new product introductions in the fourth quarter of fiscal 2010.

ESS earnings from operations as a percentage of net revenue increased by 3.0 percentage points in fiscal 2010, driven by decreases in operating expenses as a percentage of net revenue, the effect of which was partially offset by declines in gross margin. Operating expenses as a percentage of net revenue decreased as a result of operating leverage benefits from increased volume and cost controls. The gross margin decline in fiscal 2010 was due primarily to a product mix shift resulting from the strength in ISS, the effect of which was partially offset by lower product costs and strong volume.

ESS net revenue decreased 20.8% (16.0% when adjusted for currency) in fiscal 2009. The revenue decline was due primarily to the economic slowdown and overall weak demand environment. ISS net revenue declined 20% in fiscal 2009 due to declines in unit volume. ISS average unit prices declined in fiscal 2009 while improving in the second half of fiscal 2009 as a result of a new product ramp up. Total ESS blades revenue declined by 2% in fiscal 2009. BCS net revenue decreased 27% in fiscal 2009 driven by a decline in Integrity server revenue due to weaker market conditions and by the planned phase-out of the PA-RISC and Alpha Server product lines. Storage net revenue declined 17% in fiscal 2009 due to a decline in disk and tape products as a result of a weaker demand environment, the effects of which were partially offset by revenue resulting from the acquisition of Lefthand Networks, which was completed in the first quarter of fiscal 2009.

In fiscal 2009, ESS earnings from operations as a percentage of net revenue decreased by 3.4 percentage points, due primarily to a decline in gross margin. Gross margin in fiscal 2009 decreased due primarily to competitive pricing across each of the segment business units and product mix shifts. Operating expense as a percentage of net revenue in fiscal 2009 was generally consistent with the fiscal 2008.

HP Software

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net revenue	$3,586	$3,572	$4,220
Earnings from operations	$ 759	$ 684	$ 499
Earnings from operations as a % of net revenue	21.2%	19.1%	11.8%

The components of the weighted net revenue change by business unit were as follows for the following fiscal years ended October 31:

	2010	2009
	Percentage Points	
Business technology optimization	1.5	(9.7)
Other software	(1.1)	(5.7)
Total HP Software	0.4	(15.4)

HP Software net revenue increased 0.4% (decreased 1.8% when adjusted for currency) in fiscal 2010, due to growth in business technology optimization ("BTO"), information management and business intelligence, the effect of which was offset by weakness in sales of communication and media solutions. In fiscal 2010, support and license revenue increased while services revenue declined. Net revenue from business technology optimization increased 2% in fiscal 2010, due to growth in support and license renewals. Net revenue from our other software businesses decreased 3% in fiscal 2010, due to a decline in revenue from sales of communication and media solutions resulting from market conditions in the Asia Pacific region and EMEA (Europe, Middle East and Africa). The revenue increase in information management was due primarily to increases in license and support revenue. The revenue increase in business intelligence solutions was primarily a result of increases in support and services.

HP Software earnings from operations as a percentage of net revenue increased by 2.1 percentage points in fiscal 2010. The operating margin improvement in fiscal 2010 was due primarily to an increase

in gross margin and a decrease in operating expenses as a percentage of net revenue. The increase in gross margin in fiscal 2010 was primarily a result of a higher license and support mix, the effect of which was partially offset by a reduced services gross margin rate. The decrease in operating expenses as a percentage of net revenue in fiscal 2010 was due primarily to lower field selling, administrative and acquisition integration costs.

HP Software net revenue decreased 15.4% (10.8% when adjusted for currency) in fiscal 2009, due to softening in enterprise spending and declines in large deals. For fiscal 2009, revenue from licenses and services declined, the effect of which was partially offset by increased support revenue as a result of renewal rate increases. Net revenue from BTO decreased 15% in fiscal 2009 as compared to fiscal 2008. Net revenue from other software decreased 17% in fiscal 2009 as compared to fiscal 2008, due to declines in revenues for communication and media solutions, business intelligence solutions and information management.

HP Software earnings from operations as a percentage of net revenue increased by 7.3 percentage points in fiscal 2009. The operating margin improvement in fiscal 2009 was due primarily to increased gross margin coupled with decreased operating expenses as a percentage of net revenue. The increase in gross margin in fiscal 2009 resulted primarily from a favorable support and services revenue mix and improved services margins, the effect of which was partially offset by an unfavorable license revenue mix. The decrease in operating expenses as a percentage of net revenue in fiscal 2009 was due primarily to continued cost controls.

Personal Systems Group

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net revenue	$40,741	$35,305	$42,295
Earnings from operations	$ 2,032	$ 1,661	$ 2,375
Earnings from operations as a % of net revenue	5.0%	4.7%	5.6%

The components of the weighted net revenue change by business unit were as follows for the following fiscal years ended October 31:

	2010	2009
	Percentage Points	
Desktop PCs	7.4	(8.9)
Notebook PCs	6.6	(5.8)
Workstations	1.5	(1.5)
Handhelds	(0.2)	(0.4)
Other	0.1	0.1
Total PSG	15.4	(16.5)

PSG revenue increased 15.4% (12.8% when adjusted for currency) in fiscal 2010. The revenue increase resulted from balanced growth across all regions. PSG unit volume and net revenue increased across all business units except the handhelds business unit in fiscal 2010. Unit volume was up 14% as the commercial refresh cycle and continued demand for consumer notebooks drove an increase in shipments. In fiscal 2010, net revenue from notebook PCs increased 12% while desktop PCs revenue increased 20%. Workstations revenue increased 42% while handhelds revenue declined 49%. In fiscal

2010, net revenue for consumer clients increased 12% while commercial client revenue increased 20%. Net revenue in Other increased 6% due primarily to increased sales of calculators, home servers and warranty extensions. For fiscal 2010, the favorable impact on PSG net revenue from unit increases was accompanied by a 1% increase in ASPs.

PSG earnings from operations as a percentage of net revenue increased 0.3 percentage points in fiscal 2010. The increase was driven by improvements in operating expenses as a percentage of net revenue, the effect of which was offset partially by a slight decline in gross margins. The decrease in operating expenses as a percentage of net revenue was due to effective cost controls and operating leverage benefits from increased volume. The decrease in gross margins was a result of higher component costs, the effect of which was partially offset by lower warranty and logistics expenses.

PSG net revenue decreased 16.5% (11.6% when adjusted for currency) in fiscal 2009. The revenue decline was primarily the result of the overall slowdown in the global economy. Despite the overall regional declines, revenue in China increased for fiscal 2009. PSG net revenue decreased across all businesses in fiscal 2009. Unit volume increased slightly in fiscal 2009, as an increase in notebook PC volume was offset by a decline in desktop PCs, workstations, and handheld devices. The unit volume increase in notebook PCs was due in part to growth of the HP and Compaq mini notebooks. In fiscal 2009, net revenue for notebook PCs decreased 11%, while net revenue for desktop PCs decreased 23%. Workstations and handheld revenues declined 33% and 52%, respectively, in fiscal 2009. In fiscal 2009, net revenue for consumer clients decreased 14%, while net revenue for commercial clients decreased 19%. The net revenue increase in Other PSG was related primarily to increased sales of extended warranties, support services and third-party branded options. In fiscal 2009, PSG net revenue was also impacted by ASP declines. ASPs in consumer clients declined 21%, while ASPs in commercial clients declined 16%. ASPs declined due primarily to a competitive pricing environment, component cost reductions and the impact of currency combined with a mix shift toward lower-end models. The ASP decline in fiscal 2009 was offset slightly by an increase in the option and monitor attach rates.

PSG earnings from operations as a percentage of net revenue decreased by 0.9 percentage points in fiscal 2009. The decrease was due primarily to a gross margin decline resulting from ASPs declining at a faster pace than component costs combined with a mix shift toward lower-end products, the effects of which were partially offset by lower warranty and supply chain costs and improvements in the option attach rate. The decrease in operating expenses as a percentage of net revenue in fiscal 2009 was the result of effective cost controls.

Imaging and Printing Group

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net revenue	$25,764	$24,011	$29,614
Earnings from operations	$ 4,412	$ 4,310	$ 4,559
Earnings from operations as a % of net revenue	17.1%	18.0%	15.4%

The components of the weighted net revenue change by business unit were as follows for the following fiscal years ended October 31:

	2010	2009
	Percentage Points	
Commercial hardware	3.3	(8.9)
Supplies	3.0	(6.6)
Consumer hardware	1.0	(3.4)
Total IPG	7.3	(18.9)

IPG net revenue increased 7.3% (8.4% when adjusted for currency) in fiscal 2010, reflecting a continued improvement in market conditions. Net revenue for commercial hardware increased 17% in fiscal 2010, due primarily to unit volume growth of 19% driven by improved product availability. Supplies net revenue increased 4% in fiscal 2010, due primarily to increased printing, which resulted in stronger supply usage. Net revenue for consumer hardware increased 9% in fiscal 2010, driven primarily by unit volume growth of 11%.

IPG earnings from operations as a percentage of net revenue decreased by 0.9 percentage points in fiscal 2010, due primarily to a decline in gross margin and increases in operating expenses as a percentage of net revenue. The gross margin decline in fiscal 2010 was due primarily to a higher mix of hardware and a correspondingly lower mix of supplies, the effect of which was partially offset by cost savings associated with our ongoing efforts to optimize our supply chain. The increase in operating expenses as a percentage of net revenue in fiscal 2010 was due primarily to increased marketing activities, the effect of which was partially offset by reduced administrative expenses.

IPG net revenue decreased 18.9% (16.5% when adjusted for currency) in fiscal 2009, reflecting the impact of the global economic slowdown. Net revenue for commercial hardware declined 36% in fiscal 2009. The net revenue decline in commercial hardware was driven by a unit volume decline of 38% in fiscal 2009, due primarily to worldwide market weaknesses impacting both our laser and our graphics businesses. Supplies net revenue declined 11% in fiscal 2009. The supplies net revenue decline in fiscal 2009 was across all platforms and was the result of reductions in channel inventory and unfavorable currency impacts, the effect of which was partially moderated by supplies pricing. Net revenue for consumer hardware declined 27% in fiscal 2009. The net revenue decline in consumer hardware was driven by a unit volume decline of 24% in fiscal 2009, reflecting the weak demand environment and channel inventory reductions.

IPG earnings from operations as a percentage of net revenue increased 2.6 percentage points in fiscal 2009. Operating margin improvement in fiscal 2009 was a combination of an increase in gross margin and a decrease in operating expenses as a percentage of net revenue. The improvement in gross margin in fiscal 2009 resulted primarily from an increase in the supplies mix and supplies pricing, the effect of which was partially offset by hardware margin declines due to unfavorable currency impacts and declines in average revenue per unit. The decrease in operating expenses as a percentage of net revenue in fiscal 2009 was due primarily to effective cost controls.

HP Financial Services

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net revenue	$3,047	$2,673	$2,698
Earnings from operations	$ 281	$ 206	$ 192
Earnings from operations as a % of net revenue	9.2%	7.7%	7.1%

HPFS net revenue increased by 14% in fiscal 2010. The net revenue increase was due to portfolio growth as a result of higher customer demand, a higher operating lease mix due to higher service-led financing volume, and higher end-of-lease rental, buyout and remarketing activity, along with favorable currency movements.

HPFS earnings from operations as a percentage of net revenue increased by 1.5 percentage points in fiscal 2010 due primarily to an increase in gross margin and a decrease in operating expenses as a percentage of revenue. The increase in gross margin was the result of higher portfolio margins due to favorable financing conditions and higher remarketing margin, the effect of which was partially offset by higher bad debt and lower buyout margins. The decrease in operating expenses as a percentage of revenue was driven primarily by improved cost efficiencies.

HPFS net revenue decreased by 0.9% in fiscal 2009. The net revenue decrease was due to unfavorable currency movements. On a constant currency basis, fiscal 2009 net revenue increased due primarily to portfolio growth, increased operating lease mix and higher buyout activities, the effect of which was partially offset by lower levels of remarketing and end-of-lease activity.

HPFS earnings from operations as a percentage of net revenue increased by 0.6 percentage points in fiscal 2009 due primarily to a decrease in operating expenses, the effect of which was partially offset by a decline in gross margin. The operating expense decrease was due to continued cost controls. The decline in gross margin was driven by an unfavorable currency impact, lower margins relating to end of lease activity, higher bad debt expenses, and lower remarketing and buyout margins, the effect of which was partially offset by higher portfolio margins.

Financing Originations

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Total financing originations	$5,987	$5,210	$4,872

New financing originations, which represent the amount of financing provided to customers for equipment and related software and services including intercompany activity, increased 14.9% in fiscal 2010 from fiscal 2009 and 6.9% in fiscal 2009 from fiscal 2008. The increases reflect higher financing associated with HP product sales and services offerings resulting from improved integration and engagement with HP's sales efforts and a favorable currency impact.

Portfolio Assets and Ratios

HPFS maintains a strategy to generate a competitive return on equity by effectively leveraging its portfolio against the risks associated with interest rates and credit. The HPFS business model is

asset-intensive and uses certain internal metrics to measure its performance against other financial services companies, including a segment balance sheet that is derived from our internal management reporting system. The accounting policies used to derive these amounts are substantially the same as those used by the consolidated company. However, certain intercompany loans and accounts that are reflected in the segment balances are eliminated in our Consolidated Financial Statements.

The portfolio assets and ratios derived from the segment balance sheet for HPFS were as follows for the following fiscal years ended October 31:

	2010	2009
	In millions	
Portfolio assets[1]	$11,418	$10,017
Allowance for doubtful accounts[2]	140	108
Operating lease equipment reserve	83	71
Total reserves	223	179
Net portfolio assets	$11,195	$ 9,838
Reserve coverage	2.0%	1.8%
Debt to equity ratio[3]	7.0x	7.0x

(1) Portfolio assets include gross financing receivables of approximately $6.7 billion and $6.1 billion at October 31, 2010 and October 31, 2009, respectively, and net equipment under operating leases of $2.5 billion and $2.2 billion at October 31, 2010 and October 31, 2009, respectively, as disclosed in Note 11 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. Portfolio assets also include capitalized profit on intercompany equipment transactions of approximately $800 million and $700 million at October 31, 2010 and October 31, 2009, respectively, and intercompany leases of approximately $1.3 billion and $1.0 billion at October 31, 2010 and October 31, 2009, respectively, both of which are eliminated in consolidation.

(2) Allowance for doubtful accounts includes both the short-term and the long-term portions of the allowance on financing receivables.

(3) HPFS debt consists of intercompany equity that is treated as debt for segment reporting purposes, intercompany debt and debt issued directly by HPFS.

Net portfolio assets at October 31, 2010 increased 13.8% from October 31, 2009. The increase resulted from higher levels of financing originations in fiscal 2010 and a favorable currency impact. The overall reserve coverage ratio increased as a percentage of the portfolio assets. HPFS funds its operations mainly through a combination of intercompany debt and equity.

HPFS recorded net bad debt expenses of $75 million and $50 million in fiscal 2010 and fiscal 2009, respectively.

Corporate Investments

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net revenue	$1,863	$ 768	$965
Earnings (loss) from operations	$ 132	$ (56)	$ 49
Earnings (loss) from operations as a % of net revenue	7.1%	(7.3)%	5.1%

Net revenue in Corporate Investments relates primarily to network infrastructure products sold under the "ProCurve Networking," "3Com" and "TippingPoint" brands. In fiscal 2010, revenue from ProCurve Networking increased 33.9%, driven by improved market demand and continued investment in sales coverage. The revenue increase in Corporate Investments was also due to revenues resulting from the acquisitions of 3Com and Palm, which HP completed in April 2010 and July 2010, respectively.

Corporate Investments reported positive earnings from operations in fiscal 2010 due primarily to higher earnings from operations generated by network infrastructure products. Gross margin rate in Corporate Investments for fiscal 2010 increased primarily as a result of the impact from the 3Com acquisition along with lower product costs in the sale of network infrastructure products. The earnings from operations in Corporate Investments were also impacted by expenses carried in the segment associated with corporate development, global alliances and HP Labs; such expenses declined from fiscal 2009.

In fiscal 2009, net revenue in Corporate Investments related primarily to network infrastructure products sold under the brand "ProCurve Networking." Revenue from network infrastructure products decreased 19.6%, resulting from the slowdown in the networking market and a resulting decrease in sales of enterprise ethernet switch products. Partially offsetting the revenue decline was revenue resulting from the acquisition of Colubris Networks, Inc. ("Colubris"), which HP acquired in October 2008.

Corporate Investments reported a loss from operations in fiscal 2009 as compared to the positive earnings from operations reported in fiscal 2008 due primarily to lower earnings from operations generated by network infrastructure products. Gross margin in Corporate Investments declined for fiscal 2009 as the result of a unit volume decline in the sale of network infrastructure products and competitive pricing pressure. The loss from operations in Corporate Investments was also impacted by expenses carried in the segment associated with corporate development, global alliances and HP Labs, which declined from fiscal 2008.

LIQUIDITY AND CAPITAL RESOURCES

Our cash balances are held in numerous locations throughout the world, including substantial amounts held outside of the United States. Most of the amounts held outside of the United States could be repatriated to the United States but, under current law, would be subject to United States federal income taxes, less applicable foreign tax credits. Repatriation of some foreign balances is restricted by local laws. We have provided for the United States federal tax liability on these amounts for financial statement purposes, except for foreign earnings that are considered indefinitely reinvested outside of the United States. Repatriation could result in additional United States federal income tax payments in future years. Where local restrictions prevent an efficient intercompany transfer of funds,

our intent is that cash balances would remain outside of the United States and we would meet United States liquidity needs through ongoing cash flows, external borrowings, or both. We utilize a variety of tax planning and financing strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed.

LIQUIDITY

We use cash generated by operations as our primary source of liquidity; we believe that internally generated cash flows are generally sufficient to support business operations, capital expenditures and the payment of stockholder dividends, in addition to a level of discretionary investments and share repurchases. We are able to supplement this near-term liquidity, if necessary, with broad access to capital markets and credit line facilities made available by various foreign and domestic financial institutions. Our liquidity is subject to various risks including the market risks identified in the section entitled "Qualitative and Quantitative Disclosures about Market Risk" in Item 7A.

	For the fiscal years ended October 31		
	2010	2009	2008
		In billions	
Cash and cash equivalents	$10.9	$13.3	$10.2
Total debt	$22.3	$15.8	$17.9
Available borrowing resources[1]	$13.8	$18.1	$11.7

(1) In addition to these available borrowing resources, we are able to offer for sale, from time to time, in one or more offerings, an unspecified amount of debt securities, common stock, preferred stock, depositary shares and warrants under a shelf registration statement filed with the SEC in May 2009 (the "2009 Shelf Registration Statement").

Our cash position remains strong, and we believe our cash balances and anticipated cash flow generated from operations are sufficient to cover cash outlays expected in fiscal 2011.

On December 2, 2010, HP issued $2.0 billion of U.S. Dollar Global Notes under the 2009 Shelf Registration Statement. The Global Notes were fixed rate notes at market rates with maturities of five and ten years from the date of issuance.

Cash Flows

The following table summarizes the key cash flow metrics from our consolidated statements of cash flow:

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Net cash provided by operating activities	$ 11,922	$13,379	$ 14,591
Net cash used in investing activities	(11,359)	(3,580)	(13,711)
Net cash used in financing activities	(2,913)	(6,673)	(2,020)
Net increase (decrease) in cash and cash equivalents	$ (2,350)	$ 3,126	$ (1,140)

Operating Activities

Net cash provided by operating activities decreased by approximately $1.5 billion for fiscal 2010, as compared to fiscal 2009. The decrease was due primarily to an increase in accounts and financing receivables resulting from higher revenues in the fourth quarter and higher payments for account payable activities, the impact of which was partially offset by the increase in net earnings. Net cash provided by operating activities decreased by approximately $1.2 billion for fiscal 2009, as compared to fiscal 2008. The decrease was due primarily to increased utilization of cash resources for payment of operating liabilities such as accounts payable, other current liabilities and restructuring along with a decrease in net earnings, the impact of which was partially offset by the increased generation of cash resources through the utilization of operating assets such as inventory and other current assets along with increased amortization expense.

Our key working capital metrics are as follows:

	October 31		
	2010	2009	2008
Days of sales outstanding in accounts receivable	50	48	45
Days of supply in inventory	23	23	27
Days of purchases outstanding in accounts payable	(52)	(57)	(52)
Cash conversion cycle	21	14	20

Days of sales outstanding in accounts receivable ("DSO") measures the average number of days our receivables are outstanding. DSO is calculated by dividing ending accounts receivable, net of allowance for doubtful accounts, by a 90-day average net revenue. Our accounts receivable balance was $18.5 billion as of October 31, 2010.

Days of supply in inventory ("DOS") measures the average number of days from procurement to sale of our product. DOS is calculated by dividing ending inventory by a 90-day average cost of goods sold. Our inventory balance was $6.5 billion as of October 31, 2010.

Days of purchases outstanding in accounts payable ("DPO") measures the average number of days our accounts payable balances are outstanding. DPO is calculated by dividing ending accounts payable by a 90-day average cost of goods sold. Our accounts payable balance was $14.4 billion as of October 31, 2010.

Our working capital requirements depend upon our effective management of the cash conversion cycle, which represents effectively the number of days that elapse from the day we pay for the purchase of raw materials to the collection of cash from our customers. The cash conversion cycle is the sum of DSO and DOS less DPO.

The cash conversion cycle for fiscal 2010 increased by 7 days as compared to fiscal 2009. The increase in DSO was due primarily to linearity and fewer cash discounts in the fourth quarter. DOS remained flat year over year. The decrease in DPO was due primarily to a change in purchasing linearity in the fourth quarter.

The cash conversion cycle for fiscal 2009 decreased by 6 days as compared to fiscal 2008. The increase in DSO was due primarily to our improving penetration into the enterprise market which tends to have a higher DSO profile, optimizing terms to drive shareholder value as well as more sales in the month of October. The decrease in DOS was due to lower inventory levels driven primarily by

improved inventory management. The increase in DPO was due primarily to a change in purchasing linearity as business recovered through the fourth quarter.

Investing Activities

Net cash used in investing activities increased by approximately $7.8 billion for fiscal 2010 as compared to fiscal 2009 due primarily to higher cash payments made in connection with fiscal 2010 acquisitions and decreased by approximately $10.1 billion for fiscal 2009 as compared to fiscal 2008 due primarily to higher cash payments made in connection with fiscal 2008 acquisitions.

Financing Activities

Net cash used in financing activities decreased by approximately $3.8 billion for fiscal 2010, as compared to fiscal 2009. The decrease was due primarily to a higher net issuance of commercial paper, the impact of which was partially offset by increased repurchases of our common stock and lower global debt issuance. Net cash used in financing activities increased by approximately $4.7 billion for fiscal 2009, as compared to fiscal 2008. The increase was due primarily to higher net repayments of commercial paper and debt, the impact of which was partially offset by decreased repurchases of our common stock.

For more information on our share repurchase programs, see Item 5 and Note 15 to the Consolidated Financial Statements in Item 8, which are incorporated herein by reference.

CAPITAL RESOURCES

Debt Levels

	For the fiscal years ended October 31		
	2010	2009	2008
	In millions, except interest rates and ratios		
Short-term debt	$ 7,046	$ 1,850	$10,176
Long-term debt	$15,258	$13,980	$ 7,676
Debt-equity ratio	0.55x	0.39x	0.46x
Weighted-average interest rate	2.0%	2.7%	3.6%

We maintain debt levels that we establish through consideration of a number of factors, including cash flow expectations, cash requirements for operations, investment plans (including acquisitions), share repurchase activities, overall cost of capital, and targeted capital structure.

Short-term debt and long-term debt increased by $5.2 billion and $1.3 billion, respectively, for fiscal 2010 as compared to fiscal 2009. The net increase in total debt is due primarily to spending on acquisitions and share repurchases. In fiscal 2009, short-term debt decreased by $8.3 billion and long-term debt increased by $6.3 billion as compared to fiscal 2008. This was primarily due to the replacement of short-term debt with long-term debt as capital market conditions improved from the prior year, the impact of which was partially offset by a reclassification of $1 billion from long-term to short-term.

Our debt-equity ratio is calculated as the carrying value of debt divided by the carrying value of equity. Our debt-equity ratio increased by 0.16x in fiscal 2010, due primarily to the issuance of $3.0 billion of U.S Dollar Global Notes in September and a $4 billion net increase in commercial paper

at the end of fiscal 2010. Our debt-equity ratio decreased by 0.07x in fiscal 2009 due primarily to the net repayment of $2.0 billion in debt.

Our weighted-average interest rate reflects the average effective rate on our borrowings prevailing during the year; it factors in the impact of swapping some of our global notes with fixed interest rates for global notes with floating interest rates. For more information on our interest rate swaps, see Note 10 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference. The lower weighted-average interest rates over the past three years is a result of the combination of lower market interest rates and swapping some of our fixed interest obligations associated with some of our fixed global notes for variable rate obligations through interest rate swaps in a declining rates environment.

For more information on our borrowings, see Note 13 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Available Borrowing Resources

At October 31, 2010, we had the following resources available to obtain short-term or long-term financings if we need additional liquidity:

	At October 31, 2010
	In millions
2009 Shelf Registration Statement[(1)]	Unspecified
Commercial paper programs[(1)]	$12,100
Uncommitted lines of credit[(1)]	$ 1,500
Revolving trade receivables-based facilities[(2)]	$ 175

(1) For more information on our available borrowings resources, see Note 13 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

(2) For more information on our revolving trade receivables-based facilities, see Note 4 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference.

Credit Ratings

Our credit risk is evaluated by three independent rating agencies based upon publicly available information as well as information obtained in our ongoing discussions with them. The ratings for the fiscal year ended October 31, 2010 were:

	For the fiscal year ended October 31, 2010		
	Standard & Poor's Ratings Services	Moody's Investors Service	Fitch Ratings Services
Short-term debt ratings	A-1	Prime-1	F1
Long-term debt ratings	A	A2	A+

We do not have any rating downgrade triggers that would accelerate the maturity of a material amount of our debt. However, a downgrade in our credit rating would increase the cost of borrowings under our credit facilities. Also, a downgrade in our credit rating could limit our ability to issue commercial paper under our current programs. If this occurs, we would seek alternative sources of

funding, including drawdowns under our credit facilities or the issuance of notes under our existing shelf registration statement.

CONTRACTUAL AND OTHER OBLIGATIONS

The impact that we expect our contractual and other obligations as of October 31, 2010 to have on our liquidity and cash flow in future periods is as follows:

		Payments Due by Period			
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			In millions		
Principal payments on long-term debt[1]	$16,294	$2,111	$ 7,945	$4,600	$1,638
Interest payments on long-term debt[2]	1,489	386	570	173	360
Operating lease obligations	3,565	879	1,426	630	630
Purchase obligations[3]	2,644	1,973	609	62	—
Capital lease obligations	548	111	123	242	72
Total	$24,540	$5,460	$10,673	$5,707	$2,700

(1) Amounts represent the expected principal cash payments relating to our long-term debt and do not include any fair value adjustments or discounts and premiums.

(2) Amounts represent the expected interest cash payments relating to our long-term debt. We have outstanding interest rate swap agreements accounted for as fair value hedges that have the economic effect of modifying the fixed interest obligations associated with some of our fixed global notes for variable rate obligations. The impact of these interest rate swaps was factored into the calculation of the future interest payments on long-term debt.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. These purchase obligations are related principally to inventory and other items. Purchase obligations exclude agreements that are cancellable without penalty. Purchase obligations also exclude open purchase orders that are routine arrangements entered into in the ordinary course of business as they are difficult to quantify in a meaningful way. Even though open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust our requirements based on our business need prior to the delivery of goods or performance of services.

In addition to the above, at October 31, 2010, we had approximately $2.0 billion of recorded liabilities and related interest and penalties pertaining to uncertainty in income tax positions, which will be partially offset by $90 million of deferred tax assets and interest receivable. These liabilities and related interest and penalties include $55 million expected to be paid within one year. For the remaining amount, we are unable to make a reasonable estimate as to when cash settlement with the tax authorities might occur due to the uncertainties related to these tax matters. See Note 14 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference, for additional information on taxes.

Funding Commitments

In fiscal 2011, we expect to contribute approximately $817 million to our pension and post-retirement plan funding. Our funding policy is to contribute cash to our pension plans so that we meet at least the minimum contribution requirements, as established by local government, funding and taxing authorities. Funding for the years following 2011 would be based on the then current market conditions, actuarial estimates and plan funding status. See Note 16 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference, for additional information on pension activity.

As a result of our approved restructuring plans, we expect future cash expenditures of approximately $2.1 billion. We expect to make cash payments of approximately $1.4 billion in fiscal 2011 with remaining cash payments through 2016. See Note 8 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference, for additional information on restructuring activities.

Guarantees and Indemnifications

See Note 12 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference, for additional information on liabilities that may arise from guarantees and indemnifications.

Litigation and Contingencies

See Note 18 to the Consolidated Financial Statements in Item 8, which is incorporated herein by reference, for additional information on liabilities that may arise from litigation and contingencies.

Off-Balance Sheet Arrangements

As part of our ongoing business, we have not participated in transactions that generate material relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities ("SPEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As of October 31, 2010, we are not involved in any material unconsolidated SPEs.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, we are exposed to foreign currency exchange rate, interest rate and equity price risks that could impact our financial position and results of operations. Our risk management strategy with respect to these three market risks may include the use of derivative financial instruments. We use derivative contracts only to manage existing underlying exposures of HP. Accordingly, we do not use derivative contracts for speculative purposes. Our risks, risk management strategy and a sensitivity analysis estimating the effects of changes in fair values for each of these exposures are outlined below.

Actual gains and losses in the future may differ materially from the sensitivity analyses based on changes in the timing and amount of interest rate, foreign currency exchange rate and equity price movements and our actual exposures and hedges.

Foreign currency exchange rate risk

We are exposed to foreign currency exchange rate risk inherent in our sales commitments, anticipated sales, anticipated purchases and assets, liabilities and debt denominated in currencies other than the U.S. dollar. We transact business in approximately 40 currencies worldwide, of which the most significant foreign currency to our operations for fiscal 2010 were the euro, the Japanese yen, Chinese yuan renminbi and the British pound. For most currencies, we are a net receiver of the foreign currency and therefore benefit from a weaker U.S. dollar and are adversely affected by a stronger U.S. dollar relative to the foreign currency. Even where we are a net receiver, a weaker U.S. dollar may adversely affect certain expense figures taken alone. We use a combination of forward contracts and options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in our forecasted net revenue and, to a lesser extent, cost of sales and inter-company lease loan denominated in currencies other than the U.S. dollar. In addition, when debt is denominated in a foreign currency, we may use swaps to exchange the foreign currency principal and interest obligations for U.S. dollar-denominated amounts to manage the exposure to changes in foreign currency exchange rates. We also use other derivatives not designated as hedging instruments consisting primarily of forward contracts to hedge foreign currency balance sheet exposures. For these types of derivatives and hedges we recognize the gains and losses on these foreign currency forward contracts in the same period as the remeasurement losses and gains of the related foreign currency-denominated exposures. Alternatively, we may choose not to hedge the foreign currency risk associated with our foreign currency exposures, primarily if such exposure acts as a natural foreign currency hedge for other offsetting amounts denominated in the same currency or the currency is difficult or too expensive to hedge.

We have performed sensitivity analyses as of October 31, 2010 and 2009, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of foreign currency exchange rates relative to the U.S. dollar, with all other variables held constant. The analyses cover all of our foreign currency contracts offset by the underlying exposures. The foreign currency exchange rates we used were based on market rates in effect at October 31, 2010 and 2009. The sensitivity analyses indicated that a hypothetical 10% adverse movement in foreign currency exchange rates would result in a foreign exchange loss of $122 million and $106 million at October 31, 2010 and October 31, 2009, respectively.

Interest rate risk

We also are exposed to interest rate risk related to our debt and investment portfolios and financing receivables. We issue long-term debt in either U.S. dollars or foreign currencies based on market conditions at the time of financing. We then typically use interest rate and/or currency swaps to modify the market risk exposures in connection with the debt to achieve primarily U.S. dollar LIBOR-based floating interest

expense. The swap transactions generally involve the exchange of fixed for floating interest payments. However, we may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if we believe a larger proportion of fixed-rate debt would be beneficial. In order to hedge the fair value of certain fixed-rate investments, we may enter into interest rate swaps that convert fixed interest returns into variable interest returns. We may use cash flow hedges to hedge the variability of LIBOR-based interest income received on certain variable-rate investments. We may also enter into interest rate swaps that convert variable rate interest returns into fixed-rate interest returns.

We have performed sensitivity analyses as of October 31, 2010 and 2009, using a modeling technique that measures the change in the fair values arising from a hypothetical 10% adverse movement in the levels of interest rates across the entire yield curve, with all other variables held constant. The analyses cover our debt, investment instruments, financing receivables and interest rate swaps. The analyses use actual maturities for the debt, investments and interest rate swaps and approximate maturities for financing receivables. The discount rates we used were based on the market interest rates in effect at October 31, 2010 and 2009. The sensitivity analyses indicated that a hypothetical 10% adverse movement in interest rates would result in a loss in the fair values of our debt, investment instruments and financing receivables, net of interest rate swap positions, of $28 million at October 31, 2010 and $33 million at October 31, 2009.

Equity price risk

We are also exposed to equity price risk inherent in our portfolio of publicly traded equity securities, which had an estimated fair value of $9 million at October 31, 2010 and $5 million at October 31, 2009. We monitor our equity investments for impairment on a periodic basis. Generally, we do not attempt to reduce or eliminate our market exposure on these equity securities. However, we may use derivative transactions to hedge certain positions from time to time. We do not purchase our equity securities with the intent to use them for speculative purposes. A hypothetical 30% adverse change in the stock prices of our publicly traded equity securities would result in a loss in the fair values of our marketable equity securities of approximately $3 million and $1 million at October 31, 2010 and 2009, respectively. The aggregate cost of privately-held companies, and other investments was $163 million at October 31, 2010 and $142 million at October 31, 2009.

ITEM 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

**To the Board of Directors and Stockholders of
Hewlett-Packard Company**

We have audited the accompanying consolidated balance sheets of Hewlett-Packard Company and subsidiaries as of October 31, 2010 and 2009, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended October 31, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hewlett-Packard Company and subsidiaries at October 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in fiscal year 2010, Hewlett-Packard Company and subsidiaries changed their method of accounting for business combinations with the adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *Business Combinations*, and their method of accounting for noncontrolling interests with the adoption of the amendments to FASB ASC 810, *Consolidation*, both effective November 1, 2009. In fiscal year 2009, Hewlett-Packard Company and subsidiaries changed their method of accounting for revenue recognition with the adoption of amendments to the FASB ASC resulting from Accounting Standards Update No. 2009-13, *Multiple-Deliverable Revenue Arrangements*, and Accounting Standards Update No. 2009-14, *Certain Revenue Arrangements That Include Software Elements*, both adopted effective November 1, 2008 and their method of accounting for the measurement date provisions for their defined benefit postretirement plans in accordance with the guidance provided in FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—An Amendment of FASB No. 87, 88, 106 and 132(R)* (codified primarily in FASB ASC Topic 715, *Compensation—Retirement Benefits*).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Hewlett-Packard Company's internal control over financial reporting as of October 31, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 15, 2010, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

San Jose, California
December 15, 2010

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Hewlett-Packard Company

We have audited Hewlett-Packard Company's internal control over financial reporting as of October 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Hewlett-Packard Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Hewlett-Packard Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated balance sheets of Hewlett-Packard Company and subsidiaries as of October 31, 2010 and 2009, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended October 31, 2010, and our report dated December 15, 2010, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

San Jose, California
December 15, 2010

Management's Report on Internal Control Over Financial Reporting

HP's management is responsible for establishing and maintaining adequate internal control over financial reporting for HP. HP's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. HP's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of HP; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of HP are being made only in accordance with authorizations of management and directors of HP; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of HP's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

HP's management assessed the effectiveness of HP's internal control over financial reporting as of October 31, 2010, utilizing the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on the assessment by HP's management, we determined that HP's internal control over financial reporting was effective as of October 31, 2010. The effectiveness of HP's internal control over financial reporting as of October 31, 2010 has been audited by Ernst & Young LLP, HP's independent registered public accounting firm, as stated in their report which appears on page 71 of this Annual Report on Form 10-K.

/s/ LÉO APOTHEKER	/s/ CATHERINE A. LESJAK
Léo Apotheker	Catherine A. Lesjak
President and Chief Executive Officer	*Executive Vice President and Chief Financial Officer*
December 15, 2010	December 15, 2010

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Consolidated Statements of Earnings

	For the fiscal years ended October 31		
	2010	2009	2008
	In millions, except per share amounts		
Net revenue:			
Products	$ 84,799	$ 74,051	$ 91,697
Services	40,816	40,124	26,297
Financing income	418	377	370
Total net revenue	126,033	114,552	118,364
Costs and expenses:			
Cost of products	65,064	56,503	69,342
Cost of services	30,723	30,695	20,028
Financing interest	302	326	329
Research and development	2,959	2,819	3,543
Selling, general and administrative	12,585	11,613	13,326
Amortization of purchased intangible assets	1,484	1,578	1,012
Restructuring charges	1,144	640	270
Acquisition-related charges	293	242	41
Total operating expenses	114,554	104,416	107,891
Earnings from operations	11,479	10,136	10,473
Interest and other, net	(505)	(721)	—
Earnings before taxes	10,974	9,415	10,473
Provision for taxes	2,213	1,755	2,144
Net earnings	$ 8,761	$ 7,660	$ 8,329
Net earnings per share:			
Basic	$ 3.78	$ 3.21	$ 3.35
Diluted	$ 3.69	$ 3.14	$ 3.25
Weighted-average shares used to compute net earnings per share:			
Basic	2,319	2,388	2,483
Diluted	2,372	2,437	2,567

The accompanying notes are an integral part of these Consolidated Financial Statements.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

	October 31 2010	October 31 2009
	In millions, except par value	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,929	$ 13,279
Short-term investments	5	55
Accounts receivable	18,481	16,537
Financing receivables	2,986	2,675
Inventory	6,466	6,128
Other current assets	15,317	13,865
Total current assets	54,184	52,539
Property, plant and equipment	11,763	11,262
Long-term financing receivables and other assets	12,225	11,289
Goodwill	38,483	33,109
Purchased intangible assets	7,848	6,600
Total assets	$124,503	$114,799
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and short-term borrowings	$ 7,046	$ 1,850
Accounts payable	14,365	14,809
Employee compensation and benefits	4,256	4,071
Taxes on earnings	802	910
Deferred revenue	6,727	6,182
Accrued restructuring	911	1,109
Other accrued liabilities	15,296	14,072
Total current liabilities	49,403	43,003
Long-term debt	15,258	13,980
Other liabilities	19,061	17,052[1]
Commitments and contingencies		
Stockholders' equity:		
HP stockholders' equity		
Preferred stock, $0.01 par value (300 shares authorized; none issued)	—	—
Common stock, $0.01 par value (9,600 shares authorized; 2,204 and 2,365 shares issued and outstanding, respectively)	22	24
Additional paid-in capital	11,569	13,804
Retained earnings	32,695	29,936
Accumulated other comprehensive loss	(3,837)	(3,247)
Total HP stockholders' equity	40,449	40,517
Non-controlling interests	332	247[1]
Total stockholders' equity	40,781	40,764
Total liabilities and stockholders' equity	$124,503	$114,799

(1) Reflects the adoption of the accounting standard related to the presentation of non-controlling interests in consolidated financial statements.

The accompanying notes are an integral part of these Consolidated Financial Statements.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Cash flows from operating activities:			
Net earnings	$ 8,761	$ 7,660	$ 8,329
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	4,820	4,780	3,401
Stock-based compensation expense	668	635	606
Provision for doubtful accounts—accounts and financing receivables	156	345	275
Provision for inventory	189	221	214
Restructuring charges	1,144	640	270
Deferred taxes on earnings	197	379	773
Excess tax benefit from stock-based compensation	(294)	(162)	(293)
Other, net	169	22	(61)
Changes in assets and liabilities:			
Accounts and financing receivables	(2,398)	(549)	(264)
Inventory	(270)	1,532	89
Accounts payable	(698)	(153)	1,749
Taxes on earnings	723	733	235
Restructuring	(1,334)	(1,237)	(165)
Other assets and liabilities	89	(1,467)	(567)
Net cash provided by operating activities	11,922	13,379	14,591
Cash flows from investing activities:			
Investment in property, plant and equipment	(4,133)	(3,695)	(2,990)
Proceeds from sale of property, plant and equipment	602	495	425
Purchases of available-for-sale securities and other investments	(51)	(160)	(178)
Maturities and sales of available-for-sale securities and other investments	200	171	280
Payments made in connection with business acquisitions, net	(8,102)	(391)	(11,248)
Proceeds from business divestiture, net	125	—	—
Net cash used in investing activities	(11,359)	(3,580)	(13,711)
Cash flows from financing activities:			
Issuance (repayment) of commercial paper and notes payable, net	4,156	(6,856)	5,015
Issuance of debt	3,156	6,800	3,121
Payment of debt	(1,323)	(2,710)	(1,843)
Issuance of common stock under employee stock plans	2,617	1,837	1,810
Repurchase of common stock	(11,042)	(5,140)	(9,620)
Excess tax benefit from stock-based compensation	294	162	293
Dividends	(771)	(766)	(796)
Net cash used in financing activities	(2,913)	(6,673)	(2,020)
(Decrease) increase in cash and cash equivalents	(2,350)	3,126	(1,140)
Cash and cash equivalents at beginning of period	13,279	10,153	11,293
Cash and cash equivalents at end of period	$ 10,929	$13,279	$ 10,153

The accompanying notes are an integral part of these Consolidated Financial Statements.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

	Common Stock Number of Shares	Common Stock Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total HP Stockholders' Equity	Non-controlling Interests	Total
			In millions, except number of shares in thousands					
Balance October 31, 2007	2,579,714	$26	$16,381	$21,560	$ 559	$ 38,526	$ 43	$ 38,569
Net earnings				8,329		8,329	10	8,339
Net unrealized loss on available-for-sale securities					(16)	(16)		(16)
Net unrealized gain on cash flow hedges					866	866		866
Unrealized components of defined benefit pension plans					(538)	(538)		(538)
Cumulative translation adjustment					(936)	(936)		(936)
Comprehensive income						7,705	10	7,715
Issuance of common stock in connection with employee stock plans and other	65,235		2,034			2,034		2,034
Repurchases of common stock	(229,646)	(2)	(5,325)	(4,809)		(10,136)		(10,136)
Net excess tax benefits from employee stock plans			316			316		316
Dividends				(796)		(796)		(796)
Stock-based compensation expense			606			606		606
Cumulative effect of change in accounting principle				687		687		687
Changes in ownership of non-controlling interests							184	184
Balance October 31, 2008	2,415,303	$24	$14,012	$24,971	$ (65)	$ 38,942	$237	$ 39,179
Net earnings				7,660		7,660	78	7,738
Net unrealized gain on available-for-sale securities					16	16		16
Net unrealized loss on cash flow hedges					(971)	(971)		(971)
Unrealized components of defined benefit pension plans					(2,531)	(2,531)		(2,531)
Cumulative translation adjustment					304	304		304
Comprehensive income						4,478	78	4,556
Issuance of common stock in connection with employee stock plans and other	69,157	1	1,783			1,784		1,784
Repurchases of common stock	(119,651)	(1)	(2,789)	(1,922)		(4,712)		(4,712)
Net excess tax benefits from employee stock plans			163			163		163
Dividends				(766)		(766)		(766)
Stock-based compensation expense			635			635		635
Cumulative effect of change in accounting principle				(7)		(7)		(7)
Changes in ownership of non-controlling interests							(68)	(68)
Balance October 31, 2009	2,364,809	$24	$13,804	$29,936	$(3,247)	$ 40,517	$247	$ 40,764
Net earnings				8,761		8,761	109	8,870
Net unrealized gain on available-for-sale securities					16	16		16
Net unrealized loss on cash flow hedges					(32)	(32)		(32)
Unrealized components of defined benefit pension plans					(602)	(602)		(602)
Cumulative translation adjustment					28	28	4	32
Comprehensive income						8,171	113	8,284
Issuance of common stock in connection with employee stock plans and other	80,335	1	2,606			2,607		2,607
Repurchases of common stock	(241,246)	(3)	(5,809)	(5,259)		(11,071)		(11,071)
Net excess tax benefits from employee stock plans			300			300		300
Dividends				(743)		(743)	(28)	(771)
Stock-based compensation expense			668			668		668
Balance October 31, 2010	2,203,898	$22	$11,569	$32,695	$(3,837)	$ 40,449	$332	$ 40,781

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1: Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Hewlett-Packard Company, its wholly-owned subsidiaries and its controlled majority-owned subsidiaries (collectively, "HP"). HP accounts for equity investments in companies over which HP has the ability to exercise significant influence, but does not hold a controlling interest, under the equity method, and HP records its proportionate share of income or losses in interest and other, net in the Consolidated Statements of Earnings. HP has eliminated all significant intercompany accounts and transactions.

Reclassifications and Segment Reorganization

HP has made certain organizational realignments in order to optimize its operating structure. Reclassifications of prior year financial information have been made to conform to the current year presentation. None of the changes impacts HP's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share. See Note 19 for a further discussion of HP's segment reorganization.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in HP's Consolidated Financial Statements and accompanying notes. Actual results could differ materially from those estimates.

Revenue Recognition

Net revenue is derived primarily from the sale of products and services. The following revenue recognition policies define the manner in which HP accounts for sales transactions.

HP recognizes revenue when persuasive evidence of a sales arrangement exists, delivery has occurred or services are rendered, the sales price or fee is fixed or determinable and collectibility is reasonably assured. Additionally, HP recognizes hardware revenue on sales to channel partners, including resellers, distributors or value-added solution providers at the time of sale when the channel partners have economic substance apart from HP and HP has completed its obligations related to the sale.

HP's current revenue recognition policies, which were applied in fiscal 2010 and fiscal 2009, provide that, when a sales arrangement contains multiple elements, such as hardware and software products, licenses and/or services, HP allocates revenue to each element based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence ("VSOE") if available, third party evidence ("TPE") if VSOE is not available, or estimated selling price ("ESP") if neither VSOE nor TPE is available. In multiple element arrangements where more-than-incidental software deliverables are included, revenue is allocated to each separate unit of accounting for each of the non-software deliverables and to the software deliverables as a group using the relative selling prices of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. If the arrangement contains more than one software deliverable, the arrangement consideration allocated to the software deliverables as a group is then allocated to each software deliverable using the guidance for recognizing software revenue, as amended.

Note 1: Summary of Significant Accounting Policies (Continued)

HP limits the amount of revenue recognition for delivered elements to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

HP evaluates each deliverable in an arrangement to determine whether they represent separate units of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value and there are no customer-negotiated refund or return rights for the delivered elements. If the arrangement includes a customer-negotiated refund or return right relative to the delivered item and the delivery and performance of the undelivered item is considered probable and substantially in HP's control, the delivered element constitutes a separate unit of accounting. In instances when the aforementioned criteria are not met, the deliverable is combined with the undelivered elements and the allocation of the arrangement consideration and revenue recognition is determined for the combined unit as a single unit. Allocation of the consideration is determined at arrangement inception on the basis of each unit's relative selling price.

HP establishes VSOE of selling price using the price charged for a deliverable when sold separately and, in rare instances, using the price established by management having the relevant authority. TPE of selling price is established by evaluating largely similar and interchangeable competitor products or services in standalone sales to similarly situated customers. The best estimate of selling price is established considering internal factors such as margin objectives, pricing practices and controls, customer segment pricing strategies and the product life cycle. Consideration is also given to market conditions such as competitor pricing strategies and industry technology life cycles.

For fiscal 2008, pursuant to the previous guidance for revenue arrangements with multiple deliverables prior to the adoption of Accounting Standards Update ("ASU") No. 2009-13, "Multiple Deliverable Revenue Arrangements," for a sales arrangement with multiple elements, HP allocated revenue to each element based on its relative fair value, or for software, based on VSOE of fair value. In the absence of fair value for a delivered element, HP first allocated revenue to the fair value of the undelivered elements and the residual revenue to the delivered elements. Where the fair value for an undelivered element could not be determined, HP deferred revenue for the delivered elements until the undelivered elements were delivered or the fair value was determinable for the remaining undelivered elements. If the revenue for a delivered item was not recognized because it was not separable from the undelivered item, then HP also deferred the cost of the delivered item. HP limited the amount of revenue recognition for delivered elements to the amount that was not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges. For the purposes of income statement classification of products and services revenue, when HP could not determine fair value for all of the elements in an arrangement and the transaction was accounted for as a single unit of accounting, HP allocated revenue to products and services based on a rational and consistent methodology. This methodology utilized external and internal pricing inputs to derive HP's best estimate of fair value for the elements in the arrangement.

In instances when revenue is derived from sales of third-party vendor services, revenue is recorded at gross when HP is a principal to the transaction and net of costs when HP is acting as an agent between the customer and the vendor. Several factors are considered to determine whether HP is an agent or principal, most notably whether HP is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

Note 1: Summary of Significant Accounting Policies (Continued)

HP reports revenue net of any required taxes collected from customers and remitted to government authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority.

Products

Hardware

Under HP's standard terms and conditions of sale, HP transfers title and risk of loss to the customer at the time product is delivered to the customer and revenue is recognized accordingly, unless customer acceptance is uncertain or significant obligations remain. HP reduces revenue for estimated customer returns, price protection, rebates and other programs offered under sales agreements established by HP with its distributors and resellers. HP records revenue from the sale of equipment under sales-type leases as product revenue at the inception of the lease. HP accrues the estimated cost of post-sale obligations, including basic product warranties, based on historical experience at the time HP recognizes revenue.

Software

In accordance with the specific guidance for recognizing software revenue, where applicable, HP recognizes revenue from perpetual software licenses at the inception of the license term assuming all revenue recognition criteria have been met. Term-based software license revenue is recognized on a subscription basis over the term of the license entitlement. HP uses the residual method to allocate revenue to software licenses at the inception of the license term when VSOE of fair value for all undelivered elements exists, such as post-contract support, and all other revenue recognition criteria have been satisfied. Revenue generated from maintenance and unspecified upgrades or updates on a when-and-if-available basis is recognized over the period such items are delivered.

Services

HP recognizes revenue from fixed-price support or maintenance contracts, including extended warranty contracts and software post-contract customer support agreements, ratably over the contract period and recognizes the costs associated with these contracts as incurred. For time and material contracts, HP recognizes revenue and costs as services are rendered. HP recognizes revenue from fixed-price consulting arrangements over the contract period on a proportional performance basis, as determined by the relationship of actual labor costs incurred to date to the estimated total contract labor costs, with estimates regularly revised during the life of the contract. HP recognizes revenue on certain design and build (design, development and/or construction of software and/or systems) projects using the percentage-of-completion method. HP uses the cost to cost method of measurement towards completion as determined by the percentage of cost incurred to date to the total estimated costs of the project. HP uses the completed contract method if reasonable and reliable cost estimates for a project cannot be made.

Outsourcing services revenue is generally recognized when the service is provided and the amount earned is not contingent upon any future event. If the service is provided evenly during the contract term but service billings are uneven, revenue is recognized on a straight-line basis over the contract term. HP recognizes revenue from operating leases on a straight-line basis as service revenue over the rental period.

Note 1: Summary of Significant Accounting Policies (Continued)

HP recognizes costs associated with outsourcing contracts as incurred, unless such costs relate to the transition phase of the outsourcing contract, in which case HP defers and subsequently amortizes these set-up costs over the contractual services period. Deferred contract costs are amortized on a straight-line basis over the remaining original term unless billing patterns indicate a more accelerated method is appropriate. Based on actual and projected contract financial performance indicators, the recoverability of deferred contract costs associated with a particular contract is analyzed on a periodic basis using the undiscounted estimated cash flows of the whole contract over its remaining contract term. If such undiscounted cash flows are insufficient to recover the long-lived assets and deferred contract costs, the deferred contract costs are written down based on a discounted cash flow model. If a cash flow deficiency remains after reducing the balance of the deferred contract costs to zero, any remaining long-lived assets related to that contract are evaluated for impairment.

HP recognizes losses on consulting and outsourcing arrangements in the period that the contractual loss becomes probable and estimable. HP records amounts invoiced to customers in excess of revenue recognized as deferred revenue until the revenue recognition criteria are met. HP records revenue that is earned and recognized in excess of amounts invoiced on fixed-price contracts as trade receivables.

Financing Income

Sales-type and direct-financing leases produce financing income, which HP recognizes at consistent rates of return over the lease term.

Deferred Revenue and Related Deferred Contract Costs

Deferred revenue represents amounts received in advance for product support contracts, software customer support contracts, outsourcing start-up services work, consulting and integration projects, product sales or leasing income. The product support contracts include stand-alone product support packages, routine maintenance service contracts, upgrades or extensions to standard product warranty, as well as high availability services for complex, global, networked, multi-vendor environments. HP defers these service amounts at the time HP bills the customer, and HP then generally recognizes the amounts ratably over the support contract life or as HP delivers the services. HP also defers and subsequently amortizes certain costs related to start-up activities that enable the performance of the customer's long-term services contract. Deferred contract costs, including start-up and other unbilled costs, are generally amortized on a straight-line basis over the contract term unless specific customer contract terms and conditions indicate a more accelerated method is more appropriate.

Shipping and Handling

HP includes costs related to shipping and handling in cost of sales for all periods presented.

Advertising

HP expenses advertising costs as incurred or when the advertising is first run. Such costs totaled approximately $1.0 billion in fiscal 2010, $0.7 billion in fiscal 2009 and $1.0 billion in fiscal 2008.

Note 1: Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation

Stock-based compensation expense for all share-based payment awards granted is determined based on the grant-date fair value. HP recognizes these compensation costs net of an estimated forfeiture rate, and recognizes compensation cost only for those shares expected to vest on a straight-line basis over the requisite service period of the award, which is generally the vesting term of the share-based payment awards. HP estimated the forfeiture rate based on its historical experience for fiscal grant years where the majority of the vesting terms have been satisfied.

Foreign Currency Transactions

HP uses the U.S. dollar predominately as its functional currency. Assets and liabilities denominated in non-U.S. dollars are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and historical exchange rates for nonmonetary assets and liabilities. Net revenue, cost of sales and expenses are remeasured at average exchange rates in effect during each new reporting period, and net revenue, cost of sales and expenses related to the previously reported periods are remeasured at historical exchange rates. HP includes gains or losses from foreign currency remeasurement in net earnings. Certain foreign subsidiaries designate the local currency as their functional currency, and HP records the translation of their assets and liabilities into U.S. dollars at the balance sheet dates as translation adjustments and includes them as a component of accumulated other comprehensive income (loss).

Taxes on Earnings

HP recognizes deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts using enacted tax rates in effect for the year the differences are expected to reverse. HP records a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Cash and Cash Equivalents

HP classifies investments as cash equivalents if the original maturity of an investment is ninety days or less. Cash and cash equivalents consist primarily of highly liquid investments in time deposits held in major banks and commercial paper. As of October 31, 2010 and 2009, the carrying value of cash and cash equivalents approximates fair value due to the short period of time to maturity.

Investments

HP's investments consist principally of time deposits, money market funds, commercial paper, corporate debt, other debt securities, and equity securities of publicly-traded and privately-held companies.

HP classifies its investments in debt securities and its equity investments in public companies as available-for-sale securities and carries them at fair value. HP determines fair values for investments in public companies using quoted market prices and records a charge to Interest and other, net when the change in fair values is determined to be an other-than-temporary change. HP carries equity investments in privately-held companies at cost or at fair value when HP recognizes an other-than-temporary impairment charge.

Note 1: Summary of Significant Accounting Policies (Continued)

HP monitors its investment portfolio for impairment on a periodic basis. When the carrying value of an investment in debt securities exceeds its fair value and the decline in value is determined to be an other-than-temporary decline, and when HP does not intend to sell the debt securities and it is not more likely than not that HP will be required to sell the debt securities prior to recovery of its amortized cost basis, HP records an impairment charge to Interest and other, net in the amount of the credit loss and the balance, if any, to other comprehensive income (loss).

Concentrations of Credit Risk

Financial instruments that potentially subject HP to significant concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts receivable from trade customers and from contract manufacturers, financing receivables and derivatives.

HP maintains cash and cash equivalents, short- and long-term investments, derivatives and certain other financial instruments with various financial institutions. These financial institutions are located in many different geographical regions, and HP's policy is designed to limit exposure with any one institution. As part of its cash and risk management processes, HP performs periodic evaluations of the relative credit standing of the financial institutions. HP has not sustained material credit losses from instruments held at financial institutions. HP utilizes forward contracts and other derivative contracts to protect against the effects of foreign currency fluctuations. Such contracts involve the risk of non-performance by the counterparty, which could result in a material loss.

HP sells a significant portion of its products through third-party distributors and resellers and, as a result, maintains individually significant receivable balances with these parties. If the financial condition or operations of all of these distributors' and resellers' aggregated accounts deteriorate substantially, HP's operating results could be adversely affected. The ten largest distributor and reseller receivable balances collectively, which were concentrated primarily in North America and Europe, represented approximately 18% of gross accounts receivable at October 31, 2010 and 22% at October 31, 2009. No single customer accounts for more than 10% of accounts receivable. Credit risk with respect to other accounts receivable and financing receivables is generally diversified due to the large number of entities comprising HP's customer base and their dispersion across many different industries and geographical regions. HP performs ongoing credit evaluations of the financial condition of its third-party distributors, resellers and other customers and requires collateral, such as letters of credit and bank guarantees, in certain circumstances. To ensure a receivable balance is not overstated due to uncollectibility, an allowance for doubtful accounts is maintained as required under U.S. GAAP. The past due or delinquency status of a receivable is based on the contractual payment terms of the receivable. The need to write off a receivable balance depends on the age, size and a determination of collectability of the receivable. HP generally has experienced longer accounts receivable collection cycles in its emerging markets, in particular Asia Pacific and Latin America, compared to its markets in the United States and Europe. In the event that accounts receivable collection cycles in emerging markets significantly deteriorate or one or more of HP's larger resellers or enterprise customers fails, HP's operating results could be adversely affected.

Other Concentration

HP obtains a significant number of components from single source suppliers due to technology, availability, price, quality or other considerations. The loss of a single source supplier, the deterioration

Note 1: Summary of Significant Accounting Policies (Continued)

of its relationship with a single source supplier, or any unilateral modification to the contractual terms under which HP is supplied components by a single source supplier could adversely affect HP's revenue and gross margins.

Allowance for Doubtful Accounts

HP establishes an allowance for doubtful accounts to ensure trade and financing receivables are not overstated due to uncollectability. HP maintains bad debt reserves based on a variety of factors, including the length of time receivables are past due, trends in overall weighted-average risk rating of the total portfolio, macroeconomic conditions, significant one-time events, historical experience and the use of third-party credit risk models that generate quantitative measures of default probabilities based on market factors and the financial condition of customers. HP records a specific reserve for individual accounts when HP becomes aware of specific customer circumstances, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. If circumstances related to the specific customer change, HP would further adjust estimates of the recoverability of receivables.

Inventory

HP values inventory at the lower of cost or market, with cost computed on a first-in, first-out basis. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for estimated excess, obsolescence or impaired balances.

Property, Plant and Equipment

HP states property, plant and equipment at cost less accumulated depreciation. HP capitalizes additions and improvements and expenses maintenance and repairs as incurred. Depreciation is computed using straight-line or accelerated methods over the estimated useful lives of the assets. Estimated useful lives are 5 to 40 years for buildings and improvements and 3 to 15 years for machinery and equipment. HP depreciates leasehold improvements over the life of the lease or the asset, whichever is shorter. HP depreciates equipment held for lease over the initial term of the lease to the equipment's estimated residual value. The estimated useful lives of assets used solely to support a customer services contract generally do not exceed the term of the customer contract.

HP capitalizes certain internal and external costs incurred to acquire or create internal use software, principally related to software coding, designing system interfaces and installation and testing of the software. HP amortizes capitalized internal use software costs using the straight-line method over the estimated useful lives of the software, generally from three to five years.

Software Development Costs

Costs incurred to acquire or develop software for resale may be capitalized subsequent to the software product establishing technological feasibility. Capitalized software development costs are amortized using the greater of the straight-line amortization method or the ratio that current gross revenues for a product bear to the total current and anticipated future gross revenues for that product. The estimated useful lives for capitalized software for resale are generally three years or less. Software development costs incurred subsequent to a product establishing technological feasibility are usually not significant. In those instances, such costs are expensed as incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

Business Combinations

HP has adopted the new accounting standard related to business combinations. HP has included the results of operations of the businesses that it acquired in fiscal 2010 in HP's consolidated results as of the respective dates of acquisition. HP allocates the purchase price of its acquisitions to the tangible assets, liabilities and intangible assets acquired, including in-process research and development ("IPR&D"), based on their estimated fair values. The excess of the purchase price over those fair values is recorded as goodwill. IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, HP will record a charge for the value of the related intangible asset to HP's Consolidated Statement of Earnings in the period it is abandoned. Acquisition-related expenses and restructuring costs are recognized separately from the business combination and are expensed as incurred.

Goodwill and Purchased Intangible Assets

Goodwill and purchased intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually. HP reviews goodwill and purchased intangible assets with indefinite lives for impairment annually at the beginning of its fourth fiscal quarter and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. For goodwill, HP performs a two-step impairment test. In the first step, HP compares the fair value of each reporting unit to its carrying value. In general, HP's reporting units are consistent with the reportable segments identified in Note 19. However, for certain businesses within the Corporate Investments segment, the reporting unit is one step below the segment level. HP determines the fair value of its reporting units based on a weighting of income and market approaches. Under the income approach, HP calculates the fair value of a reporting unit based on the present value of estimated future cash flows. Under the market approach, HP estimates the fair value based on market multiples of revenue or earnings for comparable companies. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired and no further testing is performed. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then HP must perform the second step of the impairment test in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, HP records an impairment loss equal to the difference.

HP estimates the fair value of indefinite-lived purchased intangible assets using an income approach. HP recognizes an impairment loss when the estimated fair value of the indefinite-lived purchased intangible assets is less than the carrying value.

HP amortizes purchased intangible assets with finite lives using the straight-line method over the estimated economic lives of the assets, ranging from one to ten years.

Long-Lived Asset Impairment

HP evaluates property, plant and equipment and purchased intangible assets with finite lives for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. HP assesses the recoverability of the assets based on the undiscounted future cash flow and recognizes an impairment loss when the estimated undiscounted future cash flow expected to

Note 1: Summary of Significant Accounting Policies (Continued)

result from the use of the asset plus the net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. When HP identifies an impairment, HP reduces the carrying amount of the asset to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values.

Fair Value of Financial Instruments

HP measures certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Financial instruments are primarily comprised of time deposits, money market funds, commercial paper, corporate and other debt securities, equity securities and other investments in common stock and common stock equivalents and derivatives. See Note 9 for a further discussion on fair value of financial instruments.

Derivative Financial Instruments

HP uses derivative financial instruments, primarily forwards, swaps, and options, to hedge certain foreign currency and interest rate exposures. HP also may use other derivative instruments not designated as hedges such as forwards used to hedge foreign currency balance sheet exposures. HP does not use derivative, financial instruments for speculative purposes. See Note 10 for a full description of HP's derivative financial instrument activities and related accounting policies.

Retirement and Post-Retirement Plans

HP has various defined benefit, other contributory and noncontributory retirement and post-retirement plans. In addition, HP has assumed additional retirement and post-retirement plans in connection with its acquisition of Electronic Data Systems Corporation ("EDS") in August 2008. HP generally amortizes unrecognized actuarial gains and losses on a straight-line basis over the remaining estimated service life of participants. The measurement date for all HP plans is October 31 for fiscal 2010 and fiscal 2009. See Note 10 for a full description of these plans and the accounting and funding policies.

Loss Contingencies

HP is involved in various lawsuits, claims, investigations and proceedings that arise in the ordinary course of business. HP records a provision for a liability when it believes it is both probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. HP reviews these provisions at least quarterly and adjusts these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. Litigation is inherently unpredictable and is subject to significant uncertainties, some of which are beyond HP's control.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements

In December 2007, the FASB issued a new accounting standard related to non-controlling interests. The standard establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interests, changes in a parent's ownership interest, and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. The standard also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. In January 2010, the FASB issued Accounting Standards Update No. 2010-02, "Consolidation: Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification." This update clarifies the scope of the decrease in ownership provisions and also requires expanded disclosures. HP adopted these standards in the first quarter of fiscal 2010 with retrospective application of the presentation and disclosure requirements. Non-controlling interests of $247 million at October 31, 2009 were reclassified from Other liabilities to Stockholders' equity in the Consolidated Condensed Balance Sheet as of October 31, 2009. Elimination of the income attributable to non-controlling interests, recorded in Interest and other, net, was not material for fiscal years 2010, 2009 and 2008 and is disclosed in the Consolidated Statements of Stockholders' Equity.

Note 2: Stock-Based Compensation

HP's stock-based compensation plans include incentive compensation plans and an employee stock purchase plan ("ESPP").

Stock-based Compensation Expense and the Related Income Tax Benefits

Total stock-based compensation expense before income taxes for fiscal 2010, 2009 and 2008 was $668 million, $635 million and $606 million, respectively. The resulting income tax benefit for fiscal 2010, 2009 and 2008 was $216 million, $199 million and $178 million, respectively.

Cash received from option exercises and purchases under the ESPP was $2.6 billion in fiscal 2010 and $1.8 billion for both fiscal 2009 and 2008. The actual tax benefit realized for the tax deduction from option exercises of the share-based payment awards in fiscal 2010, 2009 and 2008 was $414 million, $252 million and $412 million, respectively.

Incentive Compensation Plans

HP's incentive compensation plans include principal equity plans adopted in 2004 (as amended in 2010), 2000, 1995 and 1990 ("principal equity plans"), as well as various equity plans assumed through acquisitions under which stock-based awards are outstanding. Stock-based awards granted from the principal equity plans include performance-based restricted units ("PRUs"), stock options and restricted stock awards. Employees meeting certain employment qualifications are eligible to receive stock-based awards.

In fiscal 2008, HP implemented a program that provides for the issuance of PRUs representing hypothetical shares of HP common stock. PRU awards may be granted to eligible employees, including HP's principal executive officer, principal financial officer and other executive officers. Each PRU award reflects a target number of shares ("Target Shares") that may be issued to the award recipient

Note 2: Stock-Based Compensation (Continued)

before adjusting for performance and market conditions. The actual number of shares the recipient receives is determined at the end of a three-year performance period based on results achieved versus company performance goals. Those goals are based on HP's annual cash flow from operations as a percentage of revenue and total shareholder return ("TSR") relative to the S&P 500 over the three-year performance period. Depending on the results achieved during the three-year performance period, the actual number of shares that a grant recipient receives at the end of the period may range from 0% to 200% of the Target Shares granted, based on the calculations described below.

Cash flow performance goals are established at the beginning of each year. At the end of each year, a portion of the Target Shares may be credited in the award recipient's name depending on the achievement of the cash flow performance goal for that year. The number of shares credited varies between 0% if performance is below the minimum level and 150% if performance is at or above the maximum level. For performance between the minimum level and the maximum level, a proportionate percentage between 30% and 150% is applied based on relative performance between the minimum and the maximum levels.

Following the expiration of the three-year performance period, the number of shares credited to the award recipient during the performance period is adjusted by a TSR modifier. The TSR modifier varies between 0%, if the minimum level is not met, resulting in no payout under the PRU award, and 133%, if performance is at or above the maximum level. For performance between the minimum level and the maximum level, a proportionate TSR modifier between 66% and 133% is applied based on relative performance between the minimum and the maximum levels. The number of shares, if any, received by the PRU award recipient equals the number of shares credited to the award recipient during the performance period multiplied by the TSR modifier.

Recipients of PRU awards generally must remain employed by HP on a continuous basis through the end of the applicable three-year performance period in order to receive any portion of the shares subject to that award. Target Shares subject to PRU awards do not have dividend equivalent rights and do not have the voting rights of common stock until earned and issued following the end of the applicable performance period. The expense for these awards, net of estimated forfeitures, is recorded over the requisite service period based on the number of target shares that are expected to be earned and the achievement of the cash flow goals during the performance period.

Stock options granted under the principal equity plans are generally non-qualified stock options, but the principal equity plans permit some options granted to qualify as "incentive stock options" under the U.S. Internal Revenue Code. Stock options generally vest over four years from the date of grant. The exercise price of a stock option is equal to the fair market value of HP's common stock on the option grant date (as determined by the reported sale prices of HP's common stock when the market closes on that date). The contractual term of options granted since fiscal 2003 was generally eight years, while the contractual term of options granted prior to fiscal 2003 was generally ten years. Prior to March 2010, HP could choose, in certain cases, to establish a discounted exercise price at no less than 75% of fair market value on the grant date. HP has not granted any discounted options since fiscal 2003.

Under the principal equity plans, HP granted certain employees cash-settled awards, restricted stock awards, or both. Restricted stock awards are non-vested stock awards that may include grants of restricted stock or grants of restricted stock units. Cash-settled awards and restricted stock awards are independent of option grants and are generally subject to forfeiture if employment terminates prior to

Note 2: Stock-Based Compensation (Continued)

the release of the restrictions. Such awards generally vest one to three years from the date of grant. During that period, ownership of the shares cannot be transferred. Restricted stock has the same cash dividend and voting rights as other common stock and is considered to be currently issued and outstanding. Restricted stock units have dividend equivalent rights equal to the cash dividend paid on restricted stock. Restricted stock units do not have the voting rights of common stock, and the shares underlying the restricted stock units are not considered issued and outstanding. However, shares underlying restricted stock units are included in the calculation of diluted earnings per share ("EPS"). HP expenses the fair market value of restricted stock awards, as determined on the date of grant, ratably over the period during which the restrictions lapse.

Performance-based Restricted Units

HP estimates the fair value of a target PRU share using the Monte Carlo simulation model, as the TSR modifier contains a market condition. The following weighted-average assumptions were used to determine the weighted-average fair values of the PRU awards for fiscal years ended October 31:

	2010	2009	2008
Weighted-average fair value of grants per share	$57.13(1)	$40.56(2)	$40.21(3)
Expected volatility(4)	38%	35%	26%
Risk-free interest rate	0.73%	1.34%	3.13%
Dividend yield	0.64%	0.88%	0.70%
Expected life in months	22	30	33

(1) Reflects the weighted-average fair value for the third year of the three-year performance period applicable to PRUs granted in fiscal 2008, for the second year of the three-year performance period applicable to PRUs granted in fiscal 2009 and for the first year of the three-year performance period applicable to PRUs granted in fiscal 2010. The estimated fair value of a target share for the third year for PRUs granted in fiscal 2009 and for the second and third years for PRUs granted in fiscal 2010 will be determined on the measurement date applicable to those PRUs, which will be the date that the annual cash flow goals are approved for those PRUs, and the expense will be amortized over the remainder of the applicable three-year performance period.

(2) Reflects the weighted-average fair value for the second year of the three-year performance period applicable to PRUs granted in fiscal 2008 and for the first year of the three-year performance period applicable to PRUs granted in fiscal 2009.

(3) Reflects the weighted-average fair value for the first year of the three-year performance period applicable to PRUs granted in fiscal 2008.

(4) HP uses historic volatility for PRU awards as implied volatility cannot be used when simulating multivariate prices for companies in the S&P 500.

Note 2: Stock-Based Compensation (Continued)

Non-vested PRUs as of October 31, 2010 and 2009 and changes during fiscal 2010 and 2009 were as follows:

	2010	2009
	Shares in thousands	
Outstanding Target Shares at beginning of year	21,093	8,473
Granted	7,388	13,966
Vested	(7,186)[1]	—
Change in units due to performance and market conditions achievement for PRUs vested in the year	(108)	—
Forfeited	(2,679)	(1,346)
Outstanding Target Shares at end of year	18,508	21,093
Outstanding Target Shares of PRUs assigned a fair value at end of year	10,201[2]	9,796[3]

(1) Vested shares were issued to award recipients in November 2010.

(2) Excludes target shares for the third year for PRUs granted in fiscal 2009 and for the second and third years for PRUs granted in fiscal 2010 as the measurement date has not yet been established. The measurement date and related fair value for the excluded PRUs will be established when the annual cash flow goals are approved.

(3) Excludes target shares for the third year for PRUs granted in fiscal 2008 and for the second and third years for PRUs granted in fiscal 2009 as the measurement date has not yet been established. The measurement date and related fair value for the excluded PRUs will be established when the annual cash flow goals are approved.

At October 31, 2010, there was $222 million of unrecognized pre-tax stock-based compensation expense related to PRUs with an assigned fair value, which HP expects to recognize over the remaining weighted-average vesting period of 1.2 years. At October 31, 2009, there was $193 million of unrecognized pre-tax stock-based compensation expense related to PRUs with an assigned fair value, which HP expected to recognize over the remaining weighted-average vesting period of 1.5 years.

Stock Options

HP utilized the Black-Scholes option pricing model to value the stock options granted under its principal equity plans. HP examined its historical pattern of option exercises in an effort to determine if there were any discernable activity patterns based on certain employee populations. From this analysis, HP identified three employee populations on which to apply the Black-Scholes model. The table below presents the weighted-average expected life in months of the combined three identified employee populations. The expected life computation is based on historical exercise patterns and post-vesting termination behavior within each of the three populations identified. The risk-free interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant.

Note 2: Stock-Based Compensation (Continued)

The weighted-average fair value of stock options was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2010	2009	2008
Weighted-average fair value of grants per share[1]	$13.33	$13.04	$15.26
Implied volatility	30%	43%	34%
Risk-free interest rate	2.06%	2.07%	3.09%
Dividend yield	0.68%	0.92%	0.69%
Expected life in months	61	61	60

(1) The fair value calculation was based on stock options granted during the period.

Option activity as of October 31 during each fiscal year was as follows:

	2010				2009			
	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	In thousands		In years	In millions	In thousands		In years	In millions
Outstanding at beginning of year	233,214	$33			307,728	$34		
Granted and assumed through acquisitions	11,939	$22			2,190	$29		
Exercised	(75,002)	$34			(55,784)	$28		
Forfeited/cancelled/expired	(27,235)	$55			(20,920)	$57		
Outstanding at end of year	142,916	$28	2.7	$2,140	233,214	$33	2.6	$3,643
Vested and expected to vest at end of year	141,082	$28	2.7	$2,114	231,134	$33	2.6	$3,623
Exercisable at end of year	125,232	$28	2.1	$1,895	207,757	$32	2.2	$3,399

In fiscal 2010, stock options to purchase approximately 10 million shares with a weighted-average exercise price of $19 per share were assumed through acquisitions.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value that option holders would have received had all option holders exercised their options on October 31, 2010 and 2009. The aggregate intrinsic value is the difference between HP's closing stock price on the last trading day of fiscal 2010 and fiscal 2009 and the exercise price, multiplied by the number of in-the-money options. Total intrinsic value of options exercised in fiscal 2010, 2009 and 2008 was $1.3 billion, $0.8 billion and $1.1 billion, respectively. Total grant date fair value of options vested and expensed in fiscal 2010, 2009 and 2008 was $93 million, $172 million and $264 million, respectively, net of taxes.

Note 2: Stock-Based Compensation (Continued)

Information about options outstanding at October 31, 2010 was as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price Per Share	Shares Exercisable	Weighted-Average Exercise Price Per Share
	In thousands	In years		In thousands	
$0-$9.99	2,075	7.8	$ 7	177	$ 6
$10-$19.99	22,174	2.5	$15	17,757	$16
$20-$29.99	58,806	2.0	$23	56,725	$23
$30-$39.99	33,614	2.8	$32	32,182	$32
$40-$49.99	22,749	4.2	$43	15,825	$43
$50-$59.99	1,509	5.7	$52	578	$52
$60 and over	1,989	1.6	$77	1,988	$77
	142,916	2.7	$28	125,232	$28

At October 31, 2010, there was $280 million of unrecognized pre-tax stock-based compensation expense related to stock options, which HP expects to recognize over a weighted-average vesting period of 1.6 years. At October 31, 2009, there was $188 million of unrecognized pre-tax stock-based compensation expense related to stock options, which HP expected to recognize over the remaining weighted-average vesting period of 1.1 years.

Restricted Stock Awards

Non-vested restricted stock awards as of October 31, 2010 and 2009 and changes during fiscal 2010 and 2009 were as follows:

	2010		2009	
	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands		In thousands	
Outstanding at beginning of year	6,864	$44	12,930	$44
Granted and assumed through acquisitions	4,821	$48	836	$36
Vested	(5,202)	$46	(6,532)	$44
Forfeited	(635)	$46	(370)	$45
Outstanding at end of year	5,848	$45	6,864	$44

Note 2: Stock-Based Compensation (Continued)

The details of restricted stock awards granted and assumed through acquisitions were as follows:

	2010		2009	
	Shares	Weighted-Average Grant Date Fair Value Per Share	Shares	Weighted-Average Grant Date Fair Value Per Share
	In thousands		In thousands	
Restricted stock	1,543	$48	493	$36
Restricted stock units	3,278	$48	343	$35
	4,821	$48	836	$36

In fiscal 2010, approximately 3 million restricted stock units with a weighted-average grant date fair value of $48 per share were assumed through acquisitions.

The details of non-vested restricted stock awards at fiscal year end were as follows:

	2010	2009
	Shares in thousands	
Non-vested at October 31:		
Restricted stock	1,936	1,771
Restricted stock units	3,912	5,093
	5,848	6,864

At October 31, 2010, there was $152 million of unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards, which HP expects to recognize over the remaining weighted-average vesting period of 1.5 years. At October 31, 2009, there was $117 million of unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards, which HP expected to recognize over the remaining weighted-average vesting period of 1.6 years.

Employee Stock Purchase Plan

HP sponsors the Hewlett-Packard Company 2000 Employee Stock Purchase Plan (the "ESPP"), also known as the Share Ownership Plan, pursuant to which eligible employees may contribute up to 10% of base compensation, subject to certain income limits, to purchase shares of HP's common stock. The ESPP expired in November 2010.

For purchases made on or before April 30, 2009, employees purchased stock pursuant to the ESPP semi-annually at a price equal to 85% of the fair market value on the purchase date, and HP recognized expense based on a 15% discount of the fair market value for those purchases. Effective May 1, 2009, HP modified the ESPP to eliminate the 15% discount applicable to purchases made under the ESPP.

Note 2: Stock-Based Compensation (Continued)

The ESPP activity as of October 31 during each fiscal year was as follows:

	2010	2009	2008
	In millions, except weighted-average purchase price per share		
Compensation expense, net of taxes	$ —	$ 24	$ 58
Shares purchased	1.62	6.16	9.68
Weighted-average purchase price per share	$ 47	$ 33	$ 36

	2010	2009	2008
	In thousands		
Employees eligible to participate	251	260	164
Employees who participated	18	49	50

Shares Reserved

Shares available for future grant and shares reserved for future issuance under the ESPP and incentive compensation plans were as follows:

	2010	2009	2008
	Shares in thousands		
Shares available for future grant at October 31:			
HP plans	124,553[(1)]	95,311[(1)]	117,655
Assumed Compaq and EDS plans	—	82,449[(2)]	73,147
	124,553	177,760	190,802
Shares reserved for future issuance under all stock-related benefit plans at October 31	296,973	410,977	498,574

(1) Includes 30 million and 24 million shares that expired in November 2010 and November 2009, respectively.

(2) In November 2009, HP retired the assumed Compaq and EDS plans for purposes of granting new awards. The shares that had been reserved for future awards under those plans were returned to HP's pool of authorized shares and will not be available for issuance under any other HP plans.

Note 3: Net Earnings Per Share

HP calculates basic earnings per share using net earnings and the weighted-average number of shares outstanding during the reporting period. Diluted EPS includes any dilutive effect of outstanding stock options, PRUs, restricted stock units, restricted stock and convertible debt.

The reconciliation of the numerators and denominators of the basic and diluted EPS calculations was as follows for the following fiscal years ended October 31:

	2010	2009	2008
	In millions, except per share amounts		
Numerator:			
Net earnings[1]	$8,761	$7,660	$8,329
Adjustment for interest expense on zero-coupon subordinated convertible notes, net of taxes	—	—	3
Net earnings, adjusted	$8,761	$7,660	$8,332
Denominator:			
Weighted-average shares used to compute basic EPS	2,319	2,388	2,483
Effect of dilutive securities:			
Dilutive effect of employee stock plans	53	49	81
Zero-coupon subordinated convertible notes	—	—	3
Dilutive potential common shares	53	49	84
Weighted-average shares used to compute diluted EPS	2,372	2,437	2,567
Net earnings per share:			
Basic	$ 3.78	$ 3.21	$ 3.35
Diluted	$ 3.69	$ 3.14	$ 3.25

(1) Net earnings available to participating securities were not significant for fiscal years 2010, 2009 and 2008. HP considers restricted stock that provides the holder with a non-forfeitable right to receive dividends to be a participating security.

HP excludes options with exercise prices that are greater than the average market price from the calculation of diluted EPS because their effect would be anti-dilutive. In fiscal years 2010, 2009 and 2008, HP excluded from the calculation of diluted EPS options to purchase 5 million shares, 85 million shares and 54 million shares, respectively. HP also excluded from the calculation of diluted EPS options to purchase an additional 2 million shares, 2 million shares and 28 million shares in fiscal years 2010, 2009 and 2008, respectively, whose combined exercise price, unamortized fair value and excess tax benefits were greater in each of those periods than the average market price for HP's common stock because their effect would be anti-dilutive.

In October and November 1997, HP issued U.S. dollar zero-coupon subordinated convertible notes due 2017 (the "LYONs"), the outstanding principal amount of which was redeemed in March 2008. The LYONs were convertible at the option of the holders at any time prior to maturity, unless previously redeemed or otherwise purchased. For purposes of calculating diluted earnings per share above, the interest expense (net of tax) associated with the LYONs was added back to net earnings, and the shares issuable upon conversion of the LYONs were included in the weighted-average shares used to compute diluted earnings per share for periods that the LYONs were outstanding.

Note 4: Balance Sheet Details

Balance sheet details were as follows for the following fiscal years ended October 31:

Accounts and Financing Receivables

	2010	2009
	In millions	
Accounts receivable	$19,006	$17,166
Allowance for doubtful accounts	(525)	(629)
	$18,481	$16,537
Financing receivables	$ 3,050	$ 2,723
Allowance for doubtful accounts	(64)	(48)
	$ 2,986	$ 2,675

HP has revolving trade receivables based facilities permitting it to sell certain trade receivables to third parties on a non-recourse basis. The aggregate maximum capacity under these programs was $524 million as of October 31, 2010. HP sold $1,753 million of trade receivables during fiscal 2010. As of October 31, 2010, HP had $175 million available under these programs.

Inventory

	2010	2009
	In millions	
Finished goods	$4,431	$4,092
Purchased parts and fabricated assemblies	2,035	2,036
	$6,466	$6,128

Other Current Assets

	2010	2009
	In millions	
Deferred tax assets—short-term	$ 5,833	$ 4,979
Value added taxes receivable from various governments	3,366	2,650
Supplier and other receivables	2,737	3,439
Prepaid and other current assets	3,381	2,797
	$15,317	$13,865

Note 4: Balance Sheet Details (Continued)

Property, Plant and Equipment

	2010	2009
	In millions	
Land	$ 530	$ 513
Buildings and leasehold improvements	8,523	7,472
Machinery and equipment	13,874	12,959
	22,927	20,944
Accumulated depreciation	(11,164)	(9,682)
	$ 11,763	$11,262

Depreciation expense was approximately $3.3 billion in fiscal 2010, $3.2 billion in fiscal 2009 and $2.4 billion in fiscal 2008.

Subsequent event

On November 16, 2010 HP sold land and buildings for approximately $415 million realizing a gain of approximately $280 million. The sale is part of the company's multi-year program to consolidate real estate locations worldwide to reduce real estate costs.

Long-Term Financing Receivables and Other Assets

	2010	2009
	In millions	
Financing receivables, net	$ 3,584	$ 3,303
Deferred tax assets—long term	2,070	1,750
Other	6,571	6,236
	$12,225	$11,289

Other Accrued Liabilities

	2010	2009
	In millions	
Other accrued taxes	$ 3,216	$ 2,784
Warranty	1,774	1,777
Sales and marketing programs	3,374	2,724
Other	6,932	6,787
	$15,296	$14,072

Note 4: Balance Sheet Details (Continued)

Other Liabilities

	2010	2009
	In millions	
Pension, post-retirement, and post-employment liabilities	$ 6,754	$ 6,427
Deferred tax liability—long-term	5,239	4,230
Long term deferred revenue	3,303	3,249
Other long-term liabilities	3,765	3,146
	$19,061	$17,052

Note 5: Supplemental Cash Flow Information

Supplemental cash flow information to the Consolidated Statements of Cash Flows was as follows for the following fiscal years ended October 31:

	2010	2009	2008
		In millions	
Cash paid for income taxes, net	$1,293	$643	$1,136
Cash paid for interest	$ 384	$572	$ 426
Non-cash investing and financing activities:			
Issuance of common stock and stock awards assumed in business acquisitions	$ 93	$ —	$ 316
Purchase of assets under financing arrangements	$ —	$283	$ —
Purchase of assets under capital leases	$ 122	$131	$ 30

Note 6: Acquisitions

Acquisitions in fiscal 2010

In fiscal 2010, HP completed eleven acquisitions. The purchase price allocation for these acquisitions as set forth in the table below reflects various preliminary fair value estimates and analyses, including preliminary work performed by third-party valuation specialists, which are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the fair values of certain tangible assets and liabilities acquired, the valuation of intangible assets acquired, certain legal matters, income and non-income based taxes, and residual goodwill. We expect to continue to obtain information to assist us in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that HP determines to be material will be applied retrospectively to the period of acquisition in HP's consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

Pro forma results of operations for these acquisitions have not been presented because they are not material to HP's consolidated results of operations, either individually or in the aggregate. Goodwill, which represents the excess of the purchase price over the net tangible and intangible assets acquired, is not deductible for tax purposes.

Note 6: Acquisitions (Continued)

The following table presents the aggregate purchase price allocation, including those items that are still preliminary allocations, for all of HP's acquisitions in fiscal 2010:

	In millions
Net tangible assets	$1,400
Amortizable intangible assets	2,402
In-process research and development	331
Goodwill	5,230
Total purchase price	$9,363

The largest acquisitions completed in fiscal 2010 are as follows:

Acquisition of 3Com Corporation ("3Com")

On April 12, 2010, HP completed its acquisition of 3Com, a global enterprise provider of networking switching, routing and security solutions, at a price of $7.90 per share in cash. HP reports the financial results of the 3Com business in the Corporate Investments segment. The aggregate purchase price of $3.3 billion consisted of cash paid for outstanding common stock, vested in-the-money stock awards and the estimated fair value of earned unvested stock awards assumed by HP. In connection with this acquisition, HP recorded approximately $1.3 billion of goodwill, amortizable purchased intangible assets of $987 million and IPR&D assets of $106 million. HP is amortizing the purchased intangible assets on a straight-line basis over an estimated weighted-average life of 5.1 years.

Acquisition of Palm, Inc. ("Palm")

On July 1, 2010, HP completed the acquisition of Palm, a provider of smartphones powered by the Palm webOS mobile operating system. HP reports the financial results of the Palm business in the Corporate Investments segment. The aggregate purchase price was $1.8 billion, which included cash paid for common stock, vested-in-the-money stock awards, the estimated fair value of earned unvested stock awards assumed as well as certain debt that was repaid at the acquisition date. In connection with this acquisition, HP recorded approximately $879 million of goodwill, amortizable purchased intangible assets of $344 million and IPR&D assets of $80 million. HP is amortizing the purchased intangible assets on a straight-line basis over an estimated weighted-average life of 6.2 years.

Acquisition of 3PAR Inc. ("3PAR")

On September 27, 2010, HP completed the acquisition of 3PAR, a provider of utility storage. HP reports the financial results of the 3PAR business in its Enterprise Storage and Servers ("ESS") segment. The aggregate purchase price was $2.3 billion, which included cash paid for common stock, vested-in-the-money stock awards and the estimated fair value of earned unvested stock awards assumed at the acquisition date. In connection with this acquisition, HP recorded approximately $1.6 billion of goodwill, amortizable purchased intangible assets of $569 million and IPR&D assets of $101 million. HP is amortizing the purchased intangible assets on a straight-line basis over an estimated weighted-average life of 6.0 years.

Note 6: Acquisitions (Continued)

Acquisition of ArcSight Inc. ("ArcSight")

On October 22, 2010, HP completed the acquisition of ArcSight, a security and compliance management company. HP reports the financial results of the ArcSight business in the HP Software segment. The aggregate purchase price was $1.7 billion, which included cash paid for common stock, vested-in-the-money stock awards and the estimated fair value of earned unvested stock awards assumed at the acquisition date. In connection with this acquisition, HP recorded approximately $1.2 billion of goodwill, amortizable purchased intangible assets of $393 million and IPR&D assets of $41 million. HP is amortizing the purchased intangible assets on a straight-line basis over an estimated weighted-average life of 6.8 years.

Acquisitions in prior years

In fiscal 2009, HP completed two acquisitions. Total consideration for the acquisitions was $390 million, which includes direct transaction costs and the assumption of certain liabilities in connection with the transactions. The largest of the two acquisitions was the acquisition of Lefthand Networks, Inc., a leading provider of storage virtualization and solutions, which has been integrated into ESS, at a purchase price of $347 million. In fiscal 2009, HP recorded $315 million of goodwill, $105 million of purchased intangibles and $7 million of IPR&D related to these transactions.

In fiscal 2008, HP completed nine acquisitions and a minority interest purchase for a total consideration of $14.6 billion. The largest acquisition was the acquisition of EDS for a purchase price of $13.0 billion. The purchase price comprised of $12.7 billion cash paid for outstanding common stock, $328 million for the fair value of stock options and restricted stock units assumed, and $36 million for direct transaction costs. Of the total purchase price, $10.4 billion has been allocated to goodwill, $4.6 billion has been allocated to amortizable intangible assets acquired and $2.0 billion has been allocated to net tangible liabilities assumed in connection with the acquisition. HP also expensed $30 million for IPR&D charges. HP included the results of EDS in its consolidated results of operations starting on August 26, 2008, the closing date of the acquisition.

Pro forma results for EDS acquisition

The following table presents the unaudited pro forma results for the year ended October 31, 2008. The unaudited pro forma financial information for the year ended October 31, 2008 combines the results of operations of HP and EDS as though the companies had been combined as of the beginning of fiscal 2008. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition and related borrowings had taken place at the beginning of fiscal 2008. The unaudited pro forma results presented include amortization charges for acquired intangible assets, eliminations of intercompany transactions, restructuring charges, IPR&D charges, adjustments for incremental stock-based compensation expense related to the unearned portion of EDS stock options and restricted stock units assumed, adjustments

Note 6: Acquisitions (Continued)

for depreciation expense for property, plant and equipment, adjustments to interest expense and related tax effects.

In millions, except per share data	2008
Net revenue	$136,022
Net earnings	$ 7,828
Basic net earnings per share	$ 3.15
Diluted net earnings per share	$ 3.05

Note 7: Goodwill and Purchased Intangible Assets

Goodwill

Goodwill allocated to HP's business segments as of October 31, 2010 and 2009 and changes in the carrying amount of goodwill during the fiscal year ended October 31, 2010 and 2009 are as follows:

	Services	Enterprise Storage and Servers	HP Software	Personal Systems Group	Imaging and Printing Group	HP Financial Services	Corporate Investments	Total
				In millions				
Balance at October 31, 2008	$16,284	$4,745	$6,162	$2,493	$2,463	$144	$ 44	$32,335
Goodwill acquired during the period	—	315	—	—	—	—	—	315
Goodwill adjustments	545	(55)	(22)	(6)	(3)	—	—	459
Balance at October 31, 2009	$16,829	$5,005	$6,140	$2,487	$2,460	$144	$ 44	$33,109
Goodwill acquired during the period	17	1,635	1,407	18	—	—	2,153	5,230
Goodwill adjustments	121	(30)	(2)	(5)	(4)	—	64	144
Balance at October 31, 2010	$16,967	$6,610	$7,545	$2,500	$2,456	$144	$2,261	$38,483

During fiscal 2010, HP recorded approximately $5.2 billion of goodwill related to acquisitions based on its preliminary purchase price allocations. In addition, HP recorded goodwill adjustments primarily related to an increase to the deferred tax liability on outside basis differences of EDS foreign subsidiaries at acquisition. HP also recorded an increase to goodwill as a result of currency translation related to 3Com's subsidiary whose functional currency is not the U.S. dollar. These increases to goodwill were partially offset by tax adjustments primarily related to tax deductible stock-based awards for certain acquisitions for which the acquisition date preceded the effective date of the new accounting standard for business combinations.

During fiscal 2009, HP recorded adjustments of approximately $306 million to the estimated fair values of EDS's intangible assets and net liabilities acquired resulting in an increase to EDS's goodwill, which is allocated to the Services segment. These changes in the estimated fair values relate primarily to restructuring liabilities, fixed assets, net deferred tax liabilities and intangible assets. In addition,

Note 7: Goodwill and Purchased Intangible Assets (Continued)

goodwill increased approximately $255 million as a result of currency translation related to certain of EDS's foreign subsidiaries whose functional currency is not the U.S. dollar. These increases in goodwill were partially offset by tax adjustments for various previous acquisitions.

Based on the results of its annual impairment tests, HP determined that no impairment of goodwill existed as of August 1, 2010 or August 1, 2009. However, future goodwill impairment tests could result in a charge to earnings. HP will continue to evaluate goodwill on an annual basis as of the beginning of its fourth fiscal quarter and whenever events and changes in circumstances indicate that there may be a potential impairment.

Purchased Intangible Assets

HP's purchased intangible assets associated with completed acquisitions for each of the following fiscal years ended October 31 are composed of:

	2010			2009		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
			In millions			
Customer contracts, customer lists and distribution agreements	$ 7,503	$(3,864)	$3,639	$ 6,763	$(3,034)	$3,729
Developed and core technology and patents	5,763	(3,384)	2,379	4,171	(2,747)	1,424
Product trademarks	346	(239)	107	247	(222)	25
Total amortizable purchased intangible assets	13,612	(7,487)	6,125	11,181	(6,003)	5,178
IPR&D	301	—	301	—	—	—
Compaq trade name	1,422	—	1,422	1,422	—	1,422
Total purchased intangible assets	$15,335	$(7,487)	$7,848	$12,603	$(6,003)	$6,600

For fiscal 2010, HP recorded approximately $2.7 billion of purchased intangible assets and IPR&D related to acquisitions based on its preliminary purchase price allocations.

For fiscal 2009, HP recorded an increase of $83 million to purchased intangibles as a result of currency translation related to certain of EDS's foreign subsidiaries whose functional currency is not the U.S. dollar. HP also recorded an increase of $21 million to the estimated fair value of EDS's intangible assets acquired.

Based on the results of its annual impairment tests, HP determined that no impairment of the indefinite-lived Compaq trade name existed as of August 1, 2010 or August 1, 2009. However, future impairment tests could result in a charge to earnings. HP will continue to evaluate the Compaq trade name on an annual basis as of the beginning of its fourth fiscal quarter and whenever events and changes in circumstances indicate that there may be an indicator of potential impairment.

The finite-lived purchased intangible assets consist of customer contracts, customer lists and distribution agreements, which have weighted-average useful lives of 8 years, and developed and core technology, patents and product trademarks, which have weighted-average useful lives of 5 years.

Note 7: Goodwill and Purchased Intangible Assets (Continued)

Estimated future amortization expense related to finite-lived purchased intangible assets at October 31, 2010 is as follows:

Fiscal year:	In millions
2011	$1,513
2012	1,296
2013	1,142
2014	803
2015	681
Thereafter	690
Total	$6,125

Note 8: Restructuring Charges

HP records restructuring charges associated with management approved restructuring plans to either reorganize one or more of HP's business segments, or to remove duplicative headcount and infrastructure associated with one or more business acquisitions. Restructuring charges can include severance costs to eliminate a specified number of employees, infrastructure charges to vacate facilities and consolidate operations, and contract cancellation cost. Restructuring charges are recorded based upon planned employee termination dates and site closure and consolidation plans. The timing of associated cash payments is dependent upon the type of restructuring charge and can extend over a multi-year period. HP records the short-term portion of the restructuring liability in Accrued restructuring and the long-term portion in Other liabilities in the Consolidated Balance Sheets.

Fiscal 2010 Acquisitions

On July 1, 2010, HP completed the acquisition of Palm. In connection with the acquisition, HP's management approved and initiated a plan to restructure the operations of Palm, including severance for Palm employees, contract cancellation costs and other items. The total expected cost of the plan is $46 million. In fiscal 2010, HP recorded restructuring charges of approximately $46 million. No further restructuring charges are anticipated, subject to changes in the Palm integration plan. The majority of these costs are expected to be paid out by the second quarter of fiscal 2011.

On April 12, 2010, HP completed the acquisition of 3Com. In connection with the acquisition, HP's management approved and initiated a plan to restructure the operation of 3Com, including severance costs and costs to vacate duplicative facilities. The total expected cost of the plan is $42 million. In fiscal 2010, HP recorded restructuring charges of approximately $18 million. HP expects to record the majority of the cost of this restructuring plan by the second quarter of fiscal 2011 based upon the timing of planned terminations and facility closure dates. These costs are expected to be paid out through fiscal 2016.

Fiscal 2010 ES Restructuring Plan

On June 1, 2010, HP's management announced a plan to restructure its enterprise services business, which includes its infrastructure technology outsourcing, business process outsourcing and application services business units. The multi-year restructuring program includes plans to consolidate commercial data centers, tools and applications. The total expected cost of the plan that will be

Note 8: Restructuring Charges (Continued)

recorded as restructuring charges is approximately $1.0 billion, including severance costs to eliminate approximately 9,000 positions and infrastructure charges. For fiscal 2010, a restructuring charge of $650 million was recorded primarily related to severance costs. HP expects to record the majority of the remaining severance costs by the second quarter of fiscal 2011 and the majority of the infrastructure charges through fiscal 2012. The timing of the charges is based upon planned termination dates and site closure and consolidation plans. The majority of the associated cash payments are expected to be paid out through the fourth quarter of fiscal 2012. As of October 31, 2010, approximately 2,100 positions have been eliminated.

Fiscal 2009 Restructuring Plan

In May 2009, HP's management approved and initiated a restructuring plan to structurally change and improve the effectiveness of the Imaging and Printing Group (''IPG''), the Personal Systems Group (''PSG''), and Enterprise Storage and Servers (''ESS'') businesses. The total expected cost of the plan is $292 million in severance-related costs associated with the planned elimination of approximately 5,000 positions. As of October 31, 2010, approximately 4,200 positions had been eliminated. HP expects the remaining positions to be eliminated and a majority of the restructuring costs to be paid out through the first quarter of fiscal 2011.

Fiscal 2008 HP/EDS Restructuring Plan

In connection with the acquisition of EDS on August 26, 2008, HP's management approved and initiated a restructuring plan to combine and align HP's services businesses, eliminate duplicative overhead functions and consolidate and vacate duplicative facilities. The restructuring plan is expected to be implemented over four years from the acquisition date at a total expected cost of $3.4 billion.

The restructuring plan includes severance cost to eliminate approximately 25,000 positions. As of October 31, 2010, the vast majority of the positions had been eliminated, and the associated severance costs had been paid out. The infrastructure charges in the restructuring plan include facility closure and consolidation costs and the costs associated with early termination of certain contractual obligations. HP expects to record the majority of these costs through fiscal 2011 based upon the execution of site closure and consolidation plans. The associated cash payments are expected to be paid out through fiscal 2016.

Approximately $1.5 billion of the expected costs were associated with pre-acquisition EDS and were reflected in the purchase price of EDS. These costs are subject to change based on the actual costs incurred. The remaining costs are primarily associated with HP and will be recorded as a restructuring charge.

Note 8: Restructuring Charges (Continued)

Summary of Restructuring Plans

The adjustments to the accrued restructuring expenses related to all of HP's restructuring plans described above for the twelve months ended October 31, 2010 were as follows:

						As of October 31, 2010	
	Balance, October 31, 2009	Fiscal year 2010 charges (reversals)	Cash payments	Non-cash settlements and other adjustments	Balance, October 31, 2010	Total costs and adjustments to date	Total expected costs and adjustments
				In millions			
Fiscal 2010 acquisitions	$ —	$ 64	$ (20)	$ —	$ 44	$ 64	$ 88
Fiscal 2010 ES Plan:							
Severance	$ —	$ 630	$ (55)	$ 45	$ 620	$ 630	$ 761
Infrastructure	—	20	(6)	(10)	4	20	231
Total ES Plan	$ —	$ 650	$ (61)	$ 35	$ 624	$ 650	$ 992
Fiscal 2009 Plan	$ 248	$ (5)	$ (177)	$ (9)	$ 57	$ 292	$ 292
Fiscal 2008 HP/EDS Plan:							
Severance	$ 747	$ 236	$ (873)	$(35)	$ 75	$2,146	$2,146
Infrastructure	419	193	(185)	(19)	408	693	1,239
Total HP/EDS Plan	$1,166	$ 429	$(1,058)	$(54)	$ 483	$2,839	$3,385
Total restructuring plans	$1,414	$1,138	$(1,316)	$(28)	$1,208	$3,845	$4,757

During fiscal 2010, HP had completed payouts of restructuring liabilities associated with previous restructuring actions and recorded a restructuring charge in fiscal 2010 of $6 million associated with these actions. At October 31, 2009, HP had $51 million of restructuring liabilities associated with these actions.

At October 31, 2010 and October 31, 2009, HP included the long-term portion of the restructuring liability of $297 million and $356 million, respectively, in Other liabilities, and the short-term portion in Accrued restructuring in the accompanying Consolidated Balance Sheets.

Note 9: Fair Value

HP adopted the provisions related to the fair value of nonfinancial assets and nonfinancial liabilities in the first quarter of fiscal 2010 for the following major categories of nonfinancial items from the Consolidated Balance Sheet: Property, plant and equipment; Goodwill; Purchased intangible assets; Accrued restructuring; and the asset retirement obligations within Other accrued liabilities and Other liabilities. The provisions of the accounting standard related to measuring fair value and related disclosures are applied to nonfinancial assets and nonfinancial liabilities whenever they are required to be measured at fair value, such as when accounting for a business combination, when evaluating and/or determining impairment, or in accordance with certain other accounting pronouncements. Except for assets and liabilities acquired in business combinations as discussed in Note 6, HP did not measure any material nonfinancial assets and nonfinancial liabilities at fair value on a non-recurring basis in fiscal 2010.

Except for the provisions noted above, the accounting standard relating to fair value measurements and disclosures became effective for HP beginning in fiscal 2009. This standard establishes a new framework for measuring fair value and expands related disclosures. The framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

Note 9: Fair Value (Continued)

Valuation techniques used by HP are based upon observable and unobservable inputs. Observable or market inputs reflect market data obtained from independent sources, while unobservable inputs reflect HP's assumptions about market participant assumptions based on best information available. Observable inputs are the preferred source of values. These two types of inputs create the following fair value hierarchy:

Level 1—Quoted prices (unadjusted) for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

The following section describes the valuation methodologies HP uses to measure its financial assets and liabilities at fair value.

Cash Equivalents and Investments: HP holds time deposits, money market funds, commercial paper, other debt securities primarily consisting of corporate and foreign government notes and bonds, and common stock and equivalents. Where applicable, HP uses quoted prices in active markets for identical assets to determine fair value. If quoted prices in active markets for identical assets are not available to determine fair value, HP uses quoted prices for similar assets and liabilities or inputs that are observable either directly or indirectly. If quoted prices for identical or similar assets are not available, HP uses internally developed valuation models, whose inputs include bid prices, and third-party valuations utilizing underlying assets assumptions.

Derivative Instruments: As discussed in Note 10, HP mainly holds non-speculative forwards, swaps and options to hedge certain foreign currency and interest rate exposures. When active market quotes are not available, HP uses industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit risk, foreign exchange rates, and forward and spot prices for currencies. In certain cases, market-based observable inputs are not available and, in those cases, HP uses management judgment to develop assumptions which are used to determine fair value.

Note 9: Fair Value (Continued)

The following table presents HP's assets and liabilities that are measured at fair value on a recurring basis:

	As of October 31, 2010				As of October 31, 2009			
	Fair Value Measured Using				Fair Value Measured Using			
	Level 1	Level 2	Level 3	Total Balance	Level 1	Level 2	Level 3	Total Balance
	In millions							
Assets								
Time deposits	$ —	$6,598	$—	$6,598	$ —	$ 8,925	$—	$ 8,925
Commercial paper	—	—	—	—	—	1,388	—	1,388
Money market funds	971	—	—	971	262	—	—	262
Marketable equity securities	11	3	—	14	7	3	—	10
Foreign bonds	8	365	—	373	10	367	—	377
Corporate bonds and other debt securities	3	6	50	59	5	5	36	46
Derivatives:								
Interest rate contracts	—	735	—	735	—	375	—	375
Foreign exchange contracts	—	150	32	182	—	379	1	380
Other derivatives	—	5	6	11	—	1	—	1
Total Assets	$993	$7,862	$88	$8,943	$284	$11,443	$37	$11,764
Liabilities								
Derivatives:								
Interest rate contracts	$ —	$ 89	$—	$ 89	$ —	$ 51	$—	$ 51
Foreign exchange contracts	—	880	10	890	—	720	1	721
Other derivatives	—	—	—	—	—	2	—	2
Total Liabilities	$ —	$ 969	$10	$ 979	$ —	$ 773	$ 1	$ 774

The following table presents the changes in Level 3 instruments in fiscal years 2010 and 2009 that were measured at fair value on a recurring basis. The majority of the Level 3 balances consist of

Note 9: Fair Value (Continued)

investment securities classified as available-for-sale with changes in fair value recorded in other comprehensive income ("OCI").

	Fair Value Measured Using Significant Unobservable Inputs (Level 3)		
	Other Debt Securities	Derivative Instruments	Total
	In millions		
Beginning balance at November 1, 2009	$36	$ —	$ 36
Total (losses) gains (realized/unrealized):			
Included in earnings[1]	(8)	2	(6)
Included in OCI	14	67	81
Purchases, issuances, and settlements	8	(41)	(33)
Ending balance at October 31, 2010	$50	$ 28	$ 78
The amount of total losses for the period included in earnings attributable to the change in unrealized losses relating to assets still held as of October 31, 2010	$ (8)	$ 2	$ (6)

(1) Included in Interest and other, net in the accompanying Consolidated Statements of Earnings.

	Fair Value Measured Using Significant Unobservable Inputs (Level 3)		
	Other Debt Securities	Derivative Instruments	Total
	In millions		
Beginning balance at November 1, 2008	$ 64	$(1)	$ 63
Total (losses) gains (realized/unrealized):			
Included in earnings[1]	(2)	2	—
Included in OCI	(25)	(2)	(27)
Purchases, issuances, and settlements	(1)	1	—
Ending balance at October 31, 2009	$ 36	$—	$ 36
The amount of total losses for the period included in earnings attributable to the change in unrealized losses relating to assets still held as of October 31, 2009	$ (2)	$—	$ (2)

(1) Included in Interest and other, net in the accompanying Consolidated Statements of Earnings.

HP measures certain assets including cost and equity method investments at fair value on a non-recurring basis. These assets are recognized at fair value when they are deemed to be other-than-temporarily impaired. In fiscal years 2010 and 2009, HP recorded an impairment charge of $5 million and $22 million, respectively.

Note 10: Financial Instruments

Cash Equivalents and Available-for-Sale Investments

Cash equivalents and available-for-sale investments at fair value as of October 31, 2010 and October 31, 2009 were as follows:

	October 31, 2010				October 31, 2009			
	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
				In millions				
Cash Equivalents								
Time deposits	$6,590	$—	$ —	$6,590	$ 8,870	$—	$ —	$ 8,870
Commercial paper	—	—	—	—	1,388	—	—	1,388
Money market funds	971	—	—	971	262	—	—	262
Total cash equivalents	7,561	—	—	7,561	10,520	—	—	10,520
Available-for-Sale Investments								
Debt securities:								
Time deposits	8	—	—	8	55	—	—	55
Foreign bonds	315	58	—	373	328	49	—	377
Corporate bonds and other debt securities	89	—	(30)	59	91	—	(45)	46
Total debt securities	412	58	(30)	440	474	49	(45)	478
Equity securities in public companies	5	4	—	9	3	2	—	5
Total cash equivalents and available-for-sale investments	$7,978	$62	$(30)	$8,010	$10,997	$51	$(45)	$11,003

Cash equivalents consist of investments in time deposits, commercial paper and money market funds with original maturities of ninety days or less. Interest income related to cash and cash equivalents was approximately $111 million in fiscal 2010, $119 million in fiscal 2009 and $401 million in fiscal 2008. Time deposits were primarily issued by institutions outside the U.S. as of October 31, 2010 and October 31, 2009. Available-for-sale securities consist of short-term investments which mature within twelve months or less and long-term investments with maturities longer than twelve months. Investments include primarily time deposits, fixed-interest securities, and institutional bonds. HP estimates the fair values of its investments based on quoted market prices or pricing models using current market rates. These estimated fair values may not be representative of actual values that will be realized in the future.

The gross unrealized loss as of October 31, 2010 was due primarily to declines in the fair value of certain debt securities and included $28 million that has been in a continuous loss position for more than twelve months. The gross unrealized loss as of October 31, 2009 was due primarily to declines in the fair value of certain debt securities and included $20 million that had been in a continuous loss

Note 10: Financial Instruments (Continued)

position for more than twelve months. HP does not intend to sell these debt securities, and it is not likely that HP will be required to sell these debt securities prior to the recovery of the amortized cost.

HP determined the declines in value of certain investments to be other-than-temporary declines. Accordingly, HP recorded impairments relating to credit losses of approximately $12 million in fiscal 2010, $24 million in fiscal 2009 and $27 million in fiscal 2008. HP includes these impairments in Interest and other, net in the Consolidated Statements of Earnings. Depending on market and other conditions, HP may record additional impairments with respect to its investment portfolio in the future.

Contractual maturities of short-term and long-term investments in available-for-sale debt securities at October 31, 2010 were as follows:

	October 31, 2010	
	Cost	Estimated Fair Value
	In millions	
Due in less than one year	$ 5	$ 5
Due in 1-5 years	15	15
Due in more than five years	392	420
	$412	$440

Proceeds from sales and maturities of available-for-sale and other securities were $200 million and $171 million in fiscal years 2010 and 2009, respectively. There were $8 million of gross realized gains on total investments in fiscal 2010. There were no realized gains or losses on total investments in fiscal 2009. The specific identification method is used to account for gains and losses on available-for-sale securities.

A summary of the carrying values and balance sheet classification of all short-term and long-term investments in debt and equity securities as of October 31, 2010 and October 31, 2009 was as follows:

	October 31, 2010	October 31, 2009
	In millions	
Time deposits	$ —	$ 55
Available-for-sale debt securities	5	—
Short-term investments	5	55
Time deposits	8	—
Available-for-sale debt securities	427	423
Available-for-sale equity securities	9	5
Equity securities in privately-held companies	154	129
Other investments	9	13
Included in long-term financing receivables and other assets	607	570
Total investments	$612	$625

Equity securities in privately held companies include cost basis and equity method investments. Other investments include marketable trading securities held to generate returns that HP expects to

Note 10: Financial Instruments (Continued)

offset changes in certain liabilities related to deferred compensation arrangements. HP includes gains or losses from changes in fair value of these securities, offset by losses or gains on the related liabilities, in Interest and other, net, in HP's Consolidated Statements of Earnings. The net losses associated with these securities were $7 million and $14 million in fiscal years 2010 and 2009, respectively.

Derivative Financial Instruments

HP is a global company that is exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of its business. As part of its risk management strategy, HP uses derivative instruments, primarily forward contracts, option contracts, interest rate swaps, and total return swaps, to hedge certain foreign currency, interest rate and, to a lesser extent, equity exposures. HP's objective is to offset gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them, thereby reducing volatility of earnings or protecting fair values of assets and liabilities. HP does not have any leveraged derivatives and does not use derivative contracts for speculative purposes. HP designates its derivatives as fair value hedges, cash flow hedges or hedges of the foreign currency exposure of a net investment in a foreign operation ("net investment hedges"). Additionally, for derivatives not designated as hedging instruments, HP categorizes those economic hedges as other derivatives. HP recognizes all derivatives, on a gross basis, in the Consolidated Balance Sheets at fair value and reports them in Other current assets, Long-term financing receivables and other assets, Other accrued liabilities, or Other liabilities. HP classifies cash flows from the derivative programs as operating activities in the Consolidated Statements of Cash Flows.

As a result of the use of derivative instruments, HP is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, HP has a policy of only entering into contracts with carefully selected major financial institutions based upon their credit ratings and other factors, and HP maintains dollar and term limits that correspond to each institution's credit rating. HP's established policies and procedures for mitigating credit risk on principal transactions and short-term cash include reviewing and establishing limits for credit exposure and continually assessing the creditworthiness of counterparties. Master agreements with counterparties include master netting arrangements as further mitigation of credit exposure to counterparties. These arrangements permit HP to net amounts due from HP to a counterparty with amounts due to HP from a counterparty, which reduces the maximum loss from credit risk in the event of counterparty default.

Certain of HP's derivative instruments contain credit-risk-related contingent features, such as a provision whereby HP and the counterparties to the derivative instruments could request collateralization on derivative instruments in net liability positions if HP's or the counterparties' credit rating falls below certain thresholds. As of October 31, 2010 and October 31, 2009, HP was not required to post any collateral, and HP did not have any derivative instruments with credit-risk-related contingent features that were in a significant net liability position.

Fair Value Hedges

HP enters into fair value hedges to reduce the exposure of its debt portfolio to interest rate risk. HP issues long-term debt in U.S. dollars based on market conditions at the time of financing. HP uses

Note 10: Financial Instruments (Continued)

interest rate swaps to mitigate the market risk exposures in connection with the debt to achieve primarily U.S. dollar LIBOR-based floating interest expense. The swap transactions generally involve principal and interest obligations for U.S. dollar-denominated amounts. Alternatively, HP may choose not to swap fixed for floating interest payments or may terminate a previously executed swap if it believes a larger proportion of fixed-rate debt would be beneficial. When investing in fixed-rate instruments, HP may enter into interest rate swaps that convert the fixed interest returns into variable interest returns and would classify these swaps as fair value hedges. For derivative instruments that are designated and qualify as fair value hedges, HP recognizes the gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item, in Interest and other, net in the Consolidated Statements of Earnings in the current period.

Cash Flow Hedges

HP uses a combination of forward contracts and options designated as cash flow hedges to protect against the foreign currency exchange rate risks inherent in its forecasted net revenue and, to a lesser extent, cost of sales, operating expense, and intercompany lease loan denominated in currencies other than the U.S. dollar. HP's foreign currency cash flow hedges mature generally within six to twelve months. However, certain leasing revenue-related forward contracts and intercompany lease loan forward contracts extend for the duration of the lease term, which can be up to five years. For derivative instruments that are designated and qualify as cash flow hedges, HP initially records the effective portion of the gain or loss on the derivative instrument in accumulated other comprehensive income or loss as a separate component of stockholders' equity and subsequently reclassifies these amounts into earnings in the period during which the hedged transaction is recognized in earnings. HP reports the effective portion of cash flow hedges in the same financial statement line item as the changes in value of the hedged item. During fiscal years 2010, 2009 and 2008, HP did not discontinue any cash flow hedge for which it was probable that a forecasted transaction would not occur.

Net Investment Hedges

HP uses forward contracts designated as net investment hedges to hedge net investments in certain foreign subsidiaries whose functional currency is the local currency. These derivative instruments are designated as net investment hedges and, as such, HP records the effective portion of the gain or loss on the derivative instrument together with changes in the hedged items in cumulative translation adjustment as a separate component of stockholders' equity.

Other Derivatives

Other derivatives not designated as hedging instruments consist primarily of forward contracts HP uses to hedge foreign currency balance sheet exposures. HP also uses total return swaps and, to a lesser extent, interest rate swaps, based on the equity and fixed income indices, to hedge its executive deferred compensation plan liability. For derivative instruments not designated as hedging instruments, HP recognizes changes in the fair values in earnings in the period of change. HP recognizes the gain or loss on foreign currency forward contracts used to hedge balance sheet exposures in Interest and other, net in the same period as the remeasurement gain and loss of the related foreign currency denominated assets and liabilities. HP recognizes the gain or loss on the total return swaps and interest rate swaps in Interest and other, net in the same period as the gain or loss from the change in market value of the executive deferred compensation plan liability.

Note 10: Financial Instruments (Continued)

Hedge Effectiveness

For interest rate swaps designated as fair value hedges, HP measures effectiveness by offsetting the change in fair value of the hedged debt with the change in fair value of the derivative. For foreign currency options and forward contracts designated as cash flow or net investment hedges, HP measures effectiveness by comparing the cumulative change in the hedge contract with the cumulative change in the hedged item, both of which are based on forward rates. HP recognizes any ineffective portion of the hedge, as well as amounts not included in the assessment of effectiveness, in the Consolidated Statements of Earnings. As of October 31, 2010 and October 31, 2009, the portion of hedging instruments' gain or loss excluded from the assessment of effectiveness was not material for fair value, cash flow or net investment hedges. Hedge ineffectiveness for fair value, cash flow and net investment hedges was not material in fiscal years 2010, 2009 and 2008.

Fair Value of Derivative Instruments in the Consolidated Balance Sheets

As discussed in Note 9, HP estimates the fair values of derivatives primarily based on pricing models using current market rates and records all derivatives on the balance sheet at fair value. The gross notional and fair value of derivative financial instruments in the Consolidated Balance Sheets were recorded as follows:

	As of October 31, 2010					As of October 31, 2009				
	Gross Notional[1]	Other Current Assets	Long-term Financing Receivables and Other Assets	Other Accrued Liabilities	Other Liabilities	Gross Notional[1]	Other Current Assets	Long-term Financing Receivables and Other Assets	Other Accrued Liabilities	Other Liabilities
	In millions									
Derivatives designated as hedging instruments										
Fair value hedges:										
Interest rate contracts	$ 8,575	$ —	$656	$ —	$ —	$ 7,575	$ —	$346	$ —	$ 5
Cash flow hedges:										
Foreign exchange contracts	16,862	98	20	503	83	15,056	116	12	389	33
Net investment hedges:										
Foreign exchange contracts	1,466	8	2	58	62	1,350	13	12	47	39
Total derivatives designated as hedging instruments	26,903	106	678	561	145	23,981	129	370	436	77
Derivatives not designated as hedging instruments										
Foreign exchange contracts	13,701	51	3	129	55	16,104	206	20	163	51
Interest rate contracts[2]	2,200	—	79	—	89	2,211	—	29	—	45
Other derivatives	397	5	6	—	—	268	2	—	2	—
Total derivatives not designated as hedging instruments	16,298	56	88	129	144	18,583	208	49	165	96
Total derivatives	$43,201	$162	$766	$690	$289	$42,564	$337	$419	$601	$173

(1) Represents the face amounts of contracts that were outstanding as of October 31, 2010 and October 31, 2009, respectively.

(2) Represents offsetting swaps acquired through previous business combination that were not designated as hedging instruments.

Note 10: Financial Instruments (Continued)

Effect of Derivative Instruments on the Consolidated Statements of Earnings

The before-tax effect of a derivative instrument and related hedged item in a fair value hedging relationship for fiscal years ended October 31, 2010 and October 31, 2009 was as follows:

	Gain (Loss) Recognized in Income on Derivative and Related Hedged Item				
Derivative Instrument	**Location**	**2010**	**Hedged Item**	**Location**	**2010**
		In millions			**In millions**
Interest rate contracts	Interest and other, net	$316	Fixed-rate debt	Interest and other, net	$(299)

	Gain (Loss) Recognized in Income on Derivative and Related Hedged Item				
Derivative Instrument	**Location**	**2009**	**Hedged Item**	**Location**	**2009**
		In millions			**In millions**
Interest rate contracts	Interest and other, net	$232	Fixed-rate debt	Interest and other, net	$(236)

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 10: Financial Instruments (Continued)

The before-tax effect of derivative instruments in cash flow and net investment hedging relationships for fiscal years 2010 and 2009 was as follows:

	Gain (Loss) Recognized in OCI on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)		Gain Recognized in Income on Derivative[1] (Ineffective portion and Amount Excluded from Effectiveness Testing)	
	2010	Location	2010	Location	2010
	In millions		In millions		In millions
Cash flow hedges:					
Foreign exchange contracts	$273	Net revenue	$325	Net revenue	$—
Foreign exchange contracts	50	Cost of products	80	Cost of products	—
Foreign exchange contracts	1	Other operating expenses	—	Other operating expenses	—
Foreign exchange contracts	20	Interest and other, net	—	Interest and other, net	—
Foreign exchange contracts	25	Net revenue	26	Interest and other, net	9
Total cash flow hedges	$369		$431		$ 9
Net investment hedges:					
Foreign exchange contracts	$(82)	Interest and other, net	$ —	Interest and other, net	$—

(1) Amount of gain recognized in income on derivative represents a $9 million gain related to the amount excluded from the assessment of hedge effectiveness in fiscal 2010.

	Gain (Loss) Recognized in OCI on Derivative (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCI Into Income (Effective Portion)		Gain Recognized in Income on Derivative[1] (Ineffective portion and Amount Excluded from Effectiveness Testing)	
	2009	Location	2009	Location	2009
	In millions		In millions		In millions
Cash flow hedges:					
Foreign exchange contracts	$(1,044)	Net revenue	$475	Net revenue	$—
Foreign exchange contracts	115	Cost of products	142	Cost of products	—
Foreign exchange contracts	(3)	Other operating expenses	(4)	Other operating expenses	—
Foreign exchange contracts	1	Interest and other, net	(4)	Interest and other, net	—
Foreign exchange contracts	29	Net revenue	9	Interest and other, net	7
Total cash flow hedges	$ (902)		$618		$ 7
Net investment hedges:					
Foreign exchange contracts	$ (169)	Interest and other, net	$ —	Interest and other, net	$—

(1) Amount of gain recognized in income on derivative represents a $7 million gain related to the amount excluded from the assessment of hedge effectiveness in fiscal 2009.

Note 10: Financial Instruments (Continued)

HP expects to reclassify an estimated net accumulated other comprehensive loss of $200 million, net of taxes, to earnings in the next twelve months along with the earnings effects of the related forecasted transactions in association with cash flow hedges.

The before-tax effect of derivative instruments not designated as hedging instruments on the Consolidated Statements of Earnings for fiscal years 2010 and 2009 was as follows:

	Gain (Loss) Recognized in Income on Derivative	
	Location	2010
		In millions
Foreign exchange contracts	Interest and other, net	$(764)
Other derivatives	Interest and other, net	8
Interest rate contracts	Interest and other, net	6
Total		$(750)

	Gain (Loss) Recognized in Income on Derivative	
	Location	2009
		In millions
Foreign exchange contracts	Interest and other, net	$(989)
Other derivatives	Interest and other, net	(1)
Interest rate contracts	Interest and other, net	1
Total		$(989)

Other Financial Instruments

For the balance of HP's financial instruments, accounts receivable, financing receivables, notes payable and short-term borrowings, accounts payable and other accrued liabilities, the carrying amounts approximate fair value due to their short maturities. The estimated fair value of HP's short- and long-term debt was approximately $22.5 billion at October 31, 2010, compared to a carrying value of $22.3 billion at that date. The estimated fair value of HP's short- and long-term debt was approximately $16.0 billion at October 31, 2009, compared to a carrying value of $15.8 billion at that date. The estimated fair value of the debt is based primarily on quoted market prices, as well as borrowing rates currently available to HP for bank loans with similar terms and maturities.

Note 11: Financing Receivables and Operating Leases

Financing receivables represent sales-type and direct-financing leases resulting from the placement of HP's and third-party products. These receivables typically have terms from two to five years and are usually collateralized by a security interest in the underlying assets. Financing receivables also include billed receivables from operating leases. The components of net financing receivables, which are

Note 11: Financing Receivables and Operating Leases (Continued)

included in financing receivables and long-term financing receivables and other assets, were as follows for the following fiscal years ended October 31:

	2010	2009
	In millions	
Minimum lease payments receivable	$ 7,094	$ 6,413
Allowance for doubtful accounts	(140)	(108)
Unguaranteed residual value	212	244
Unearned income	(596)	(571)
Financing receivables, net	6,570	5,978
Less current portion	(2,986)	(2,675)
Amounts due after one year, net	$ 3,584	$ 3,303

As of October 31, 2010, scheduled maturities of HP's minimum lease payments receivable were as follows for the following fiscal years ended October 31:

	2011	2012	2013	2014	Thereafter	Total
Scheduled maturities of minimum lease payments receivable	$3,320	$1,951	$1,113	$520	$190	$7,094

Equipment leased to customers under operating leases was $3.5 billion at October 31, 2010 and $3.0 billion at October 31, 2009 and is included in machinery and equipment. Accumulated depreciation on equipment under lease was $1.0 billion at October 31, 2010 and $0.9 billion at October 31, 2009. As of October 31, 2010, minimum future rentals on non-cancelable operating leases related to leased equipment were as follows for the following fiscal years ended October 31:

	2011	2012	2013	2014	Thereafter	Total
Minimum future rentals on non-cancelable operating leases	$1,169	$785	$398	$127	$46	$2,525

Note 12: Guarantees

Guarantees and Indemnifications

In the ordinary course of business, HP may provide certain clients with subsidiary performance guarantees and/or financial performance guarantees, which may be backed by standby letters of credit or surety bonds. In general, HP would be liable for the amounts of these guarantees in the event that the nonperformance of HP or HP's subsidiaries permits termination of the related contract by the client, the likelihood of which HP believes is remote. HP believes that the company is in compliance with the performance obligations under all material service contracts for which there is a performance guarantee.

HP has certain service contracts supported by client financing or securitization arrangements. Under specific circumstances involving nonperformance resulting in service contract termination or failure to comply with terms under the financing arrangement, HP would be required to acquire certain assets. HP considers the possibility of its failure to comply to be remote and the asset amounts involved to be immaterial.

Note 12: Guarantees (Continued)

In the ordinary course of business, HP enters into contractual arrangements under which HP may agree to indemnify the third party to such arrangement from any losses incurred relating to the services they perform on behalf of HP or for losses arising from certain events as defined within the particular contract, which may include, for example, litigation or claims relating to past performance. Such indemnification obligations may not be subject to maximum loss clauses. Historically, payments made related to these indemnifications have been immaterial.

Warranty

HP provides for the estimated cost of product warranties at the time it recognizes revenue. HP engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers; however, product warranty terms offered to customers, ongoing product failure rates, material usage and service delivery costs incurred in correcting a product failure, as well as specific product class failures outside of HP's baseline experience, affect the estimated warranty obligation. If actual product failure rates, repair rates or any other post sales support costs differ from these estimates, revisions to the estimated warranty liability would be required.

The changes in HP's aggregate product warranty liabilities were as follows for the following fiscal years ended October 31:

	2010	2009
	In millions	
Product warranty liability at beginning of year	$ 2,409	$ 2,614
Accruals for warranties issued	2,689	2,701
Adjustments related to pre-existing warranties (including changes in estimates)	(53)	(223)
Settlements made (in cash or in kind)	(2,598)	(2,683)
Product warranty liability at end of year	$ 2,447	$ 2,409

Note 13: Borrowings

Notes Payable and Short-Term Borrowings

Notes payable and short-term borrowings, including the current portion of long-term debt, were as follows for the following fiscal years ended October 31:

	2010		2009	
	Amount Outstanding	Weighted-Average Interest Rate	Amount Outstanding	Weighted-Average Interest Rate
	In millions			
Commercial paper	$4,432	0.3%	$ 294	1.2%
Current portion of long-term debt	2,216	2.2%	1,143	1.0%
Notes payable to banks, lines of credit and other	398	1.5%	413	2.0%
	$7,046		$1,850	

Note 13: Borrowings (Continued)

Notes payable to banks, lines of credit and other includes deposits associated with HP's banking-related activities of approximately $348 million and $326 million at October 31, 2010 and 2009, respectively.

Long-Term Debt

Long-term debt was as follows for the following fiscal years ended October 31:

	2010	2009
	In millions	
U.S. Dollar Global Notes		
2002 Shelf Registration Statement:		
$500 issued at discount to par at a price of 99.505% in June 2002 at 6.5%, due July 2012	$ 500	$ 499
2006 Shelf Registration Statement:		
$600 issued at par in February 2007 at three-month USD LIBOR plus 0.11%, due March 2012	600	600
$900 issued at discount to par at a price of 99.938% in February 2007 at 5.25%, due March 2012	900	900
$500 issued at discount to par at a price of 99.694% in February 2007 at 5.4%, due March 2017	499	499
$1,000 issued at par in June 2007 at three-month USD LIBOR plus 0.06%, paid June 2010	—	1,000
$1,500 issued at discount to par at a price of 99.921% in March 2008 at 4.5%, due March 2013	1,499	1,499
$750 issued at discount to par at a price of 99.932% in March 2008 at 5.5%, due March 2018	750	750
$2,000 issued at discount to par at a price of 99.561% in December 2008 at 6.125%, due March 2014	1,994	1,992
$275 issued at par in February 2009 at three-month USD LIBOR plus 1.75%, due February 2011	275	275
$1,000 issued at discount to par at a price of 99.956% in February 2009 at 4.25%, due February 2012	1,000	1,000
$1,500 issued at discount to par at a price of 99.993% in February 2009 at 4.75%, due June 2014	1,500	1,500
2009 Shelf Registration Statement:		
$750 issued at par in May 2009 at three-month USD LIBOR plus 1.05%, due May 2011	750	750
$1,000 issued at discount to par at a price of 99.967% in May 2009 at 2.25%, due May 2011	1,000	1,000
250 issued at discount to par at a price of 99.984% in May 2009 at 2.95%, due August 2012	250	250
$800 issued at par in September 2010 at three-month USD LIBOR plus 0.125%, due September 2012	800	—

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 13: Borrowings (Continued)

	2010	2009
	In millions	
$1,100 issued at discount to par of 99.921% in September 2010 at 1.25% due September 2013	1,099	—
$1,100 issued at discount to par of 99.887% in September 2010 at 2.125% due September 2015	1,099	—
	14,515	12,514
EDS Senior Notes		
$1,100 issued June 2003 at 6.0%, due August 2013	1,130	1,140
$300 issued October 1999 at 7.45%, due October 2029	315	315
	1,445	1,455
Other, including capital lease obligations, at 0.59%-8.63%, due in calendar year 2010-2024	845	785
Fair value adjustment related to hedged debt	669	369
Less: current portion	(2,216)	(1,143)
Total long-term debt	$15,258	$13,980

As disclosed in Note 9 to the Consolidated Financial Statements, HP uses interest rate swaps to mitigate the market risk exposures in connection with certain fixed interest global notes to achieve primarily U.S. dollar LIBOR-based floating interest expense. The table above does not reflect the interest rate swap impact on the interest rate.

HP may redeem some or all of the Global Notes set forth in the above table at any time at the redemption prices described in the prospectus supplements relating thereto. The Global Notes are senior unsecured debt.

In May 2009, HP filed a shelf registration statement (the "2009 Shelf Registration Statement") with the SEC to enable the company to offer for sale, from time to time, in one or more offerings, an unspecified amount of debt securities, common stock, preferred stock, depositary shares and warrants. The 2009 Shelf Registration Statement replaced other registration statements filed in March 2002 and May 2006.

In May 2008, HP's Board of Directors approved an increase in the capacity of HP's U.S. commercial paper program by $10.0 billion to $16.0 billion. HP's subsidiaries are authorized to issue up to an additional $1.0 billion of commercial paper, of which $500 million of capacity is currently available to be used by Hewlett-Packard International Bank PLC, a wholly-owned subsidiary of HP, for its Euro Commercial Paper/Certificate of Deposit Programme.

HP has a $3.0 billion five-year credit facility expiring in May 2012. In February 2009, HP entered into a $3.5 billion 364-day credit facility. The February credit facility expired in February 2010, at which time HP entered into a new $3.5 billion 364-day credit facility maintaining the total amount available under its credit facilities at $6.5 billion. Commitment fees, interest rates and other terms of borrowing under the credit facilities vary based on HP's external credit ratings. The credit facilities are senior unsecured committed borrowing arrangements primarily to support the issuance of U.S. commercial paper. HP's ability to have a U.S. commercial paper outstanding balance that exceeds the $6.5 billion

Note 13: Borrowings (Continued)

supported by these credit facilities is subject to a number of factors, including liquidity conditions and business performance.

Included in Other, including capital lease obligations, are borrowings that are collateralized by certain financing receivable assets. As of October 31, 2010, the carrying value of the assets approximated the carrying value of the borrowings of $130 million.

As of October 31, 2010, HP had the capacity to issue an unspecified amount of additional debt securities, common stock, preferred stock, depositary shares and warrants under the 2009 Shelf Registration Statement. As of that date, HP also had up to approximately $13.8 billion of available borrowing resources, including $12.1 billion under its commercial paper programs and approximately $1.5 billion relating to uncommitted lines of credit.

Aggregate future maturities of long-term debt at face value (excluding a fair value adjustment related to hedged debt of $669 million, a premium on debt issuance of $45 million, and a discount on debt issuance of $17 million) were as follows at October 31, 2010:

	2011	2012	2013	2014	2015	Thereafter	Total
				In millions			
Aggregate future maturities of debt outstanding including capital lease obligations	$2,208	$4,272	$3,775	$3,720	$1,111	$1,691	$16,777

Interest expense on borrowings was approximately $417 million in fiscal 2010, $597 million in fiscal 2009, and $467 million in fiscal 2008.

Subsequent event

On December 2, 2010, HP issued $2 billion of U.S. Dollar Global Notes under the 2009 Shelf Registration Statement. The Global Notes consisted of fixed rate notes at market rates with maturities of five and ten years from the date of issuance.

Note 14: Taxes on Earnings

The domestic and foreign components of earnings were as follows for the following fiscal years ended October 31:

	2010	2009	2008
		In millions	
U.S.	$ 4,027	$2,569	$ 2,232
Non-U.S.	6,947	6,846	8,241
	$10,974	$9,415	$10,473

The provision for (benefit from) taxes on earnings was as follows for the following fiscal years ended October 31:

	2010	2009	2008
		In millions	
U.S. federal taxes:			
Current	$ 484	$ 47	$ 405
Deferred	231	956	686
Non-U.S. taxes:			
Current	1,345	1,156	922
Deferred	21	(356)	(85)
State taxes:			
Current	187	173	44
Deferred	(55)	(221)	172
	$2,213	$1,755	$2,144

Note 14: Taxes on Earnings (Continued)

The significant components of deferred tax assets and deferred tax liabilities were as follows for the following fiscal years ended October 31:

	2010		2009	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
	In millions			
Loss carryforwards	$ 9,832	$ —	$ 9,191	$ —
Credit carryforwards	733	—	1,444	—
Unremitted earnings of foreign subsidiaries	—	7,529	—	7,555
Inventory valuation	153	10	111	6
Intercompany transactions—profit in inventory	514	1	534	16
Intercompany transactions—excluding inventory	2,339	—	1,328	—
Fixed assets	163	15	119	9
Warranty	723	48	794	38
Employee and retiree benefits	2,800	29	2,692	80
Accounts receivable allowance	290	9	300	4
Capitalized research and development	597	—	879	—
Purchased intangible assets	11	1,885	28	1,594
Restructuring	404	13	459	17
Equity investments	59	—	81	—
Deferred revenue	975	24	949	12
Other	1,587	251	1,599	82
Gross deferred tax assets and liabilities	21,180	9,814	20,508	9,413
Valuation allowance	(8,755)	—	(8,678)	—
Total deferred tax assets and liabilities	$12,425	$9,814	$11,830	$9,413

The breakdown between current and long-term deferred tax assets and deferred tax liabilities was as follows for the following fiscal years ended October 31:

	2010	2009
	In millions	
Current deferred tax assets	$ 5,833	$ 4,979
Current deferred tax liabilities	(53)	(83)
Long-term deferred tax assets	2,070	1,751
Long-term deferred tax liabilities	(5,239)	(4,230)
Total deferred tax assets net of deferred tax liabilities	$ 2,611	$ 2,417

As of October 31, 2010, HP had $2.8 billion, $4.1 billion and $29.8 billion of federal, state and foreign net operating loss carryforwards, respectively. Amounts included in each of these respective totals will begin to expire in fiscal 2011. HP also has a capital loss carryforward of approximately $275 million which will expire in fiscal 2015. HP has provided a valuation allowance of $145 million for deferred tax assets related to federal and state net operating losses, $106 million for deferred tax assets related to capital loss carryforwards, and $8.0 billion for deferred tax assets related to foreign net operating loss carryforwards that HP does not expect to realize.

Note 14: Taxes on Earnings (Continued)

As of October 31, 2010, HP had recorded deferred tax assets for various tax credit carryforwards of $733 million. This amount includes $74 million of U.S. foreign tax credit carryforwards which begin to expire in fiscal 2011 and against which HP has recorded a valuation allowance of $47 million. HP had alternative minimum tax credit carryforwards of $11 million, which do not expire, and U.S. research and development credit carryforwards of $293 million, which will begin to expire in fiscal 2024. HP also had tax credit carryforwards of $356 million in various states and foreign countries for which HP has provided a valuation allowance of $176 million to reduce the related deferred tax asset. These credits will begin to expire in fiscal 2011.

Gross deferred tax assets at October 31, 2010 and 2009 were reduced by valuation allowances of $8.8 billion and $8.7 billion, respectively. The valuation allowance increased by $77 million in fiscal 2010, consisting of $106 million associated with federal capital loss carryovers, and a net $29 million decrease associated with various net operating losses and tax credits.

Gross deferred tax assets at October 31, 2009 and 2008 were reduced by valuation allowances of $8.7 billion and $1.8 billion, respectively. The valuation allowance increased by $6.9 billion in fiscal 2009. The valuation allowance increase consisted of $7.0 billion associated with foreign net operating loss carryovers arising in fiscal 2009 pursuant to internal restructuring transactions, reduced by $100 million of valuation allowance decreases associated with state and foreign net operating losses.

Net excess tax benefits resulting from the exercise of employee stock options and other employee stock programs are recorded as an increase in stockholders' equity and were approximately $300 million in fiscal 2010, $163 million in fiscal 2009, and $316 million in fiscal 2008.

The differences between the U.S. federal statutory income tax rate and HP's effective tax rate were as follows for the following fiscal years ended October 31:

	2010	2009	2008
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal tax benefit	1.3	0.9	1.3
Lower rates in other jurisdictions, net	(18.3)	(12.2)	(16.9)
Research and development credit	(0.1)	(0.5)	(0.4)
Foreign net operating loss	—	(4.1)	—
Valuation allowance	0.8	(0.6)	—
Accrued taxes due to post-acquisition integration	—	0.6	2.0
Other, net	1.5	(0.5)	(0.5)
	20.2%	18.6%	20.5%

In fiscal 2010, HP recorded $26 million of net income tax benefits related to items unique to the year. These amounts included adjustments to prior year foreign income tax accruals and credits, settlement of tax audit matters, valuation allowance adjustments, and other miscellaneous discrete items.

In fiscal 2009, HP recorded $547 million of net income tax benefits related to items unique to the year. The recorded amounts included $383 million of income tax benefits attributable to net deferred tax assets for foreign net operating loss carryovers arising pursuant to internal restructuring transactions. Also included were a net tax benefit of $154 million for the adjustment to estimated fiscal 2008 tax accruals upon filing the 2008 income tax returns, a $60 million income tax benefit for

Note 14: Taxes on Earnings (Continued)

valuation allowance reversals for state and foreign net operating losses, and other miscellaneous items that resulted in a net tax charge of $50 million.

In fiscal 2008, HP recorded $251 million of net income tax expense related to items unique to the year. The recorded amounts consisted of a tax charge of $205 million associated with the post-acquisition EDS integration, $44 million for the adjustment to estimated fiscal 2007 tax accruals upon filing the 2007 U.S. federal income tax return, and net tax charges of $2 million attributable to other items.

In October 2008, the Emergency Economic Stabilization Act of 2008 was signed into law, which included a retroactive two year extension of the research and development tax credit from January 1, 2008 through December 31, 2009. The retroactive income tax benefit of $45 million was recorded in HP's financial statements in the fourth quarter of fiscal 2008.

As a result of certain employment actions and capital investments HP has undertaken, income from manufacturing and services in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, through 2024. The gross income tax benefits attributable to the tax status of these subsidiaries were estimated to be $966 million ($0.41 per share) in fiscal year 2010, $853 million ($0.35 per share) in fiscal year 2009, and $900 million ($0.35 per share) in fiscal year 2008. The gross income tax benefits were offset partially by accruals of U.S. income taxes on undistributed earnings, among other factors.

Note 14: Taxes on Earnings (Continued)

The total amount of gross unrecognized tax benefits was $2.1 billion as of October 31, 2010. A reconciliation of unrecognized tax benefits is as follows:

Balance at November 1, 2007	$2,271
Increases:	
For current year's tax positions	101
For prior years' tax positions	739
Decreases:	
For prior years' tax positions	(751)
Statute of limitations expiration	(16)
Settlements with taxing authorities	(11)
Balance at October 31, 2008	$2,333
Increases:	
For current year's tax positions	115
For prior years' tax positions	626
Decreases:	
For prior years' tax positions	(762)
Statute of limitations expiration	(293)
Settlements with taxing authorities	(131)
Balance at October 31, 2009	$1,888
Increases:	
For current year's tax positions	27
For prior years' tax positions	347
Decreases:	
For prior years' tax positions	(120)
Statute of limitations expiration	(1)
Settlements with taxing authorities	(56)
Balance at October 31, 2010	$2,085

Up to $680 million, $950 million and $1.0 billion of HP's unrecognized tax benefits at October 31, 2008, 2009 and 2010, respectively, would affect HP's effective tax rate if realized.

HP recognizes interest income from favorable settlements and income tax receivables and interest expense and penalties accrued on unrecognized tax benefits within income tax expense. As of October 31, 2010, HP had accrued a net $181 million payable for interest and penalties. During fiscal 2010, HP recognized net interest expense net of tax on net deficiencies of $66 million.

Note 14: Taxes on Earnings (Continued)

HP engages in continuous discussion and negotiation with taxing authorities regarding tax matters in various jurisdictions. HP does not expect complete resolution of any IRS audit cycle within the next 12 months. However, it is reasonably possible that certain federal, foreign and state tax issues may be concluded in the next 12 months, including issues involving transfer pricing and other matters. Accordingly, HP believes it is reasonably possible that its existing unrecognized tax benefits may be reduced by an amount up to $442 million within the next 12 months.

HP is subject to income tax in the United States and approximately 80 foreign countries and is subject to routine corporate income tax audits in many of these jurisdictions. In addition, HP is subject to numerous ongoing audits by state and foreign tax authorities. HP has received from the IRS Notices of Deficiency for its fiscal 1999, 2000, 2003, 2004 and 2005 tax years, and Revenue Agent's Reports ("RAR") for its fiscal 2001, 2002 and 2006 tax years. The IRS began an audit of HP's 2007 income tax returns in 2009, and began its audit of HP's 2008 income tax returns during 2010. With respect to major foreign and state tax jurisdictions, HP is no longer subject to tax authority examinations for years prior to 1999. HP believes that adequate accruals have been provided for all open tax years.

On July 30, 2009, HP received a Notice of Deficiency from the IRS for its fiscal 2004 and 2005 tax years. The Notice of Deficiency asserted that HP owes additional tax of $92 million and penalties of $5 million. In addition to the proposed deficiency for fiscal 2004 and 2005, the IRS's adjustments for both years, if sustained, would reduce the tax benefits of net operating loss and tax credit carryforwards to subsequent years by approximately $563 million. HP plans to contest certain of the adjustments proposed in the Notice of Deficiency. HP believes that it has provided adequate reserves for any tax deficiencies or reductions in tax benefits that could result from the IRS actions.

Tax years of EDS through 2002 have been audited by the IRS, and all proposed adjustments have been resolved. The IRS is currently auditing EDS's tax years 2005, 2006, 2007 and the short period ended August 26, 2008. On December 5, 2008, EDS received a RAR for exam years 2003 and 2004, proposing a tax deficiency of $82 million. This deficiency includes a $12 million effect on carrybacks to 2000 and 2001. HP is appealing certain issues and believes adequate reserves have been provided for all years.

On January 30, 2008, HP received a Notice of Deficiency from the IRS for its fiscal 2003 tax year. The Notice of Deficiency asserted that HP owes additional tax of $21 million. At the same time, HP received an RAR from the IRS for its fiscal 2002 tax year that proposed no change in HP's tax liability for that year. In addition to the proposed deficiency for fiscal 2003, the IRS's adjustments for both years, if sustained, would reduce tax refund claims HP has filed for net operating loss carrybacks to earlier fiscal years and reduce the tax benefits of tax credit carryforwards to subsequent years, by approximately $249 million. This amount reflects certain transfer pricing adjustments that were settled during fiscal 2008. HP plans to contest certain remaining adjustments proposed in the Notice of Deficiency and the RAR. Towards this end, HP filed a petition with the United States Tax Court on April 29, 2008. HP believes that it has provided adequate reserves for any tax deficiencies or reductions in refund claims that could result from the IRS actions.

On June 28, 2007, HP received a Notice of Deficiency from the IRS for its fiscal 1999 and 2000 tax years. The Notice of Deficiency asserted that HP owes additional tax of $13 million for these two years. At the same time, HP received a RAR from IRS for its fiscal 2001 tax year that proposed no change in HP's tax liability for that year. In addition to the proposed deficiencies for fiscal 1999 and 2000, the IRS's adjustments, if sustained, would reduce tax refund claims HP has filed for foreign tax

Note 14: Taxes on Earnings (Continued)

credit and net operating loss carrybacks to earlier fiscal years and reduce the tax benefits of carryforwards to subsequent years, by approximately $80 million. HP plans to contest certain of the adjustments proposed in the Notice of Deficiency and the RAR. Towards this end, HP filed a Petition with the United States Tax Court on September 25, 2007. HP believes that it has provided adequate reserves for any tax deficiencies or reductions in refund claims that could result from the IRS actions.

HP has not provided for U.S. federal income and foreign withholding taxes on $21.9 billion of undistributed earnings from non-U.S. operations as of October 31, 2010 because HP intends to reinvest such earnings indefinitely outside of the United States. If HP were to distribute these earnings, foreign tax credits may become available under current law to reduce the resulting U.S. income tax liability. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable. HP will remit non-indefinitely reinvested earnings of its non-US subsidiaries for which deferred U.S. federal and withholding taxes have been provided where excess cash has accumulated and it determines that it is advantageous for business operations, tax or cash management reasons.

Note 15: Stockholders' Equity

Dividends

The stockholders of HP common stock are entitled to receive dividends when and as declared by HP's Board of Directors. Dividends are paid quarterly. Dividends declared were $0.32 per common share in each of fiscal 2010, 2009 and 2008.

Stock Repurchase Program

HP's share repurchase program authorizes both open market and private repurchase transactions. In fiscal 2010, HP executed share repurchases of 241 million shares. Repurchases of 240 million shares were settled for $11.0 billion, which included 3 million shares repurchased in transactions that were executed in fiscal 2009 but settled in fiscal 2010. HP had approximately 4 million shares repurchased in the fourth quarter of fiscal 2010 that will be settled in the next fiscal year. In fiscal 2009, HP completed share repurchases of approximately 120 million shares. Repurchases of approximately 132 million shares were settled for $5.1 billion, which included approximately 14 million shares repurchased in transactions that were executed in fiscal 2008 but settled in fiscal 2009. In fiscal 2008, HP completed share repurchases of approximately 230 million shares. Repurchases of approximately 216 million shares were settled for $9.6 billion, which included approximately 1 million shares repurchased in transactions that were executed in fiscal 2007 but settled in fiscal 2008. The foregoing shares repurchased and settled in fiscal 2010, fiscal 2009 and fiscal 2008 were all open market repurchase transactions.

In fiscal 2010, HP's Board of Directors authorized an additional $18.0 billion for future share repurchases. In fiscal 2009, there was no additional authorization for future share repurchases by HP's Board of Directors. In fiscal 2008, HP's Board of Directors authorized an additional $16.0 billion for future share repurchases. As of October 31, 2010, HP had remaining authorization of approximately $10.9 billion for future share repurchases.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)

Note 15: Stockholders' Equity (Continued)

Comprehensive Income

The changes in the components of other comprehensive income, net of taxes, were as follows for the following fiscal years ended October 31:

	2010	2009	2008
		In millions	
Net earnings	$8,761	$ 7,660	$8,329
Net change in unrealized gains (losses) on available-for-sale securities:			
Change in net unrealized gains (losses), net of tax of $9 million in fiscal 2010, net of tax of $11 million in fiscal 2009 and net of tax benefit of $7 million in fiscal 2008	16	17	(17)
Net unrealized (gains) losses reclassified into earnings, with no tax effect in fiscal 2010, fiscal 2009 and fiscal 2008	—	(1)	1
	16	16	(16)
Net change in unrealized gains (losses) on cash flow hedges:			
Unrealized gains (losses) recognized in OCI, net of tax of $119 million in fiscal 2010, net of tax benefit of $362 million in fiscal 2009 and net of tax of $468 million in fiscal 2008	250	(540)	808
(Gains) losses reclassified into income, net of tax of $149 million in fiscal 2010, net of tax of $187 million in fiscal 2009 and net of tax benefit of $34 million in fiscal 2008	(282)	(431)	58
	(32)	(971)	866
Net change in cumulative translation adjustment, net of tax of $31 million in fiscal 2010, net of tax of $227 million in fiscal 2009 and net of tax benefit of $476 million in fiscal 2008	28	304	(936)
Net change in unrealized components of defined benefit plans, net of tax benefit of $83 million in fiscal 2010, $905 million in fiscal 2009 and $42 million in fiscal 2008	(602)	(2,531)	(538)
Comprehensive income	$8,171	$ 4,478	$7,705

The components of accumulated other comprehensive loss, net of taxes, were as follows for the following fiscal years ended October 31:

	2010	2009	2008
		In millions	
Net unrealized gain (loss) on available-for-sale securities	$ 20	$ 4	$ (12)
Net unrealized (loss) gain on cash flow hedges	(201)	(169)	802
Cumulative translation adjustment	(431)	(459)	(763)
Unrealized components of defined benefit plans	(3,225)	(2,623)	(92)
Accumulated other comprehensive loss	$(3,837)	$(3,247)	$ (65)

Note 16: Retirement and Post-Retirement Benefit Plans

Acquisition of EDS

On August 26, 2008, EDS became a wholly-owned subsidiary of HP. EDS sponsors qualified and non-qualified defined benefit pension plans covering substantially all of its employees. The majority of the EDS defined benefit pension plans are noncontributory. In most plans, employees become fully vested upon attaining two to five years of service, and benefits are based on many factors, which differ by country, but the most significant is years of service and earnings. The projected unit credit cost method is used for actuarial purposes. Plan assets and plan obligations associated with the EDS defined benefit pension plans were included as of the acquisition date and through October 31, 2008. On a global basis, EDS plan assets totaled $7.8 billion and plan obligations totaled $10.1 billion as of August 26, 2008. The U.S. portion of global assets and obligations totaled $4.1 billion and $5.0 billion, respectively.

Defined Benefit Plans

HP sponsors a number of defined benefit pension plans worldwide, of which the most significant are in the United States. Both the HP Retirement Plan (the "Retirement Plan"), a traditional defined benefit pension plan based on pay and years of service, and the HP Company Cash Account Pension Plan (the "Cash Account Pension Plan"), under which benefits are accrued pursuant to a cash accumulation account formula based upon a percentage of pay plus interest, were frozen effective January 1, 2008. The Cash Account Pension Plan and the Retirement Plan were merged in 2005 for certain funding and investment purposes. The merged plan is referred to as the HP Pension Plan.

Following the acquisition of EDS, HP announced that it was modifying the EDS U.S. qualified and non-qualified plans for employees accruing benefits under the programs. Effective January 1, 2009, EDS employees in the U.S. ceased accruing pension benefits, and the final pension benefit for EDS employees who retire on and after that date will be calculated based on pay and service through December 31, 2008.

Effective October 30, 2009, the EDS U.S. qualified pension plan was also merged into the HP Pension Plan. The EDS U.S. qualified pension plan, like the Cash Account Pension Plan and the Retirement Plan, remains a separate sub-plan within the HP Pension Plan for purposes of determining benefit amounts. As a result, the merger had no impact on the separate benefit structures of the plans.

HP reduces the benefit payable to a U.S. employee under the Retirement Plan for service before 1993, if any, by any amounts due to the employee under HP's frozen defined contribution Deferred Profit-Sharing Plan (the "DPSP"). HP closed the DPSP to new participants in 1993. The DPSP plan obligations are equal to the plan assets and are recognized as an offset to the Pension Plan when HP calculates its defined benefit pension cost and obligations. The fair value of plan assets and projected

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

benefit obligations for the U.S. defined benefit plans combined with the DPSP is as follows for the following fiscal years ended October 31:

	2010		2009	
	Plan Assets	Projected Benefit Obligation	Plan Assets	Projected Benefit Obligation
	In millions			
U.S. defined benefit plans	$ 9,427	$10,902	$8,371	$10,034
DPSP	927	927	872	872
Total	$10,354	$11,829	$9,243	$10,906

Post-Retirement Benefit Plans

Through fiscal 2005, substantially all of HP's U.S. employees at December 31, 2002 could become eligible for partially subsidized retiree medical benefits and retiree life insurance benefits under the Pre-2003 HP Retiree Medical Program (the "Pre-2003 Program") and certain other retiree medical programs. Plan participants in the Pre-2003 Program make contributions based on their choice of medical option and length of service. U.S. employees hired or rehired on or after January 1, 2003 may become eligible to participate in a post-retirement medical plan, the HP Retiree Medical Program, but must bear the full cost of their participation. Effective January 1, 2006, employees whose combination of age and years of service was less than 62 no longer were eligible for the subsidized Pre-2003 Program, but instead were eligible for the HP Retiree Medical Program. Employees no longer eligible for the Pre-2003 Program, as well as employees hired on or after January 1, 2003, are eligible for certain credits under the HP Retirement Medical Savings Account Plan ("RMSA Plan") upon attaining age 45. Upon retirement, former employees may use credits under the RMSA Plan for the reimbursement of certain eligible medical expenses, including premiums required for coverage under the HP Retiree Medical Program. In February 2007, HP further limited future eligibility for the Pre-2003 HP Retiree Medical Program to those employees who were within five years of satisfying the program's retirement criteria on June 30, 2007. Employees not meeting the modified program criteria may become eligible for participation in the HP Retiree Medical Program. In November 2008, HP announced that it was changing the limits on future cost-sharing for the Pre-2003 Program whereby all future cost increases will be paid by participating retirees starting in 2011. In June 2008, HP modified the RMSA Plan to provide that generally only those employees who were employed with HP as of July 31, 2008 would be eligible to receive employer credits. In September 2008, HP further modified the RMSA Plan to provide that such employees would receive employer credits only in the form of matching contributions.

HP currently collects a retiree drug subsidy from the U.S. federal government relating to the retiree prescription drug benefits that it provides. Collecting the retiree drug subsidy is one of several alternatives under Medicare Part D that employers have in financing these benefits. In March 2010, HP decided to contract with a prescription drug plan, leveraging the employer group waiver plan process, to provide group benefits under Medicare Part D as an alternative to collecting the retiree drug subsidy. This change in retiree prescription drug financing strategy will take effect in 2013, and, due to the health care reform legislation enacted in March 2010, is expected to give HP access to greater U.S. federal subsidies over time to help pay for retiree benefits. Aside from this impact, the health care

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

reform legislation is not expected to affect the cost of HP's retiree welfare programs because the subsidy offered by HP is fixed.

During fiscal year 2010, HP also announced the elimination of company-paid retiree life insurance effective January 1, 2011.

Defined Contribution Plans

HP offers various defined contribution plans for U.S. and non-U.S. employees. Total defined contribution expense was $535 million in fiscal 2010, $568 million in fiscal 2009 and $548 million in fiscal 2008. U.S. employees are automatically enrolled in the Hewlett-Packard Company 401(k) Plan (the "HP 401(k) Plan") when they meet eligibility requirements, unless they decline participation. Similar to HP, EDS offered participation in defined contribution plans for U.S. and non-U.S. employees, including an EDS 401(k) Plan.

During fiscal 2008, HP matched employee contributions to the HP 401(k) Plan with cash contributions up to a maximum of 6% of eligible compensation for U.S. employees hired prior to August 1, 2008. For U.S. employees hired on or after August 1, 2008 HP matched employee contributions up to a maximum of 4% of eligible compensation.

The employer match for the EDS 401(k) Plan was 25% of the employee contribution based on a maximum contribution of 6% of the employee's salary. Effective January 1, 2009, U.S. employees participating in the EDS 401(k) Plan became eligible for a 4% matching contribution on eligible compensation. Similar to the HP 401(k) Plan, contributions are invested at the direction of the employee in various funds, although the EDS 401(k) Plan does not offer an HP stock fund.

Effective April 1, 2009, HP matching contributions under both the HP 401(k) Plan and the EDS 401(k) Plan were changed to a quarterly, discretionary, performance-based match of up to a maximum of 4% of eligible compensation for all U.S. employees to be determined each fiscal quarter based on business results. HP matching contributions may vary from 0% to 100% of the maximum 4% match, based on such factors as quarterly earnings, market share growth, and performance relative to market and economic conditions. HP's matching contributions for each of the quarters in fiscal 2010 were 100% of the maximum 4% match. Effective November 2010, the quarterly employer matching contributions in the HP 401(k) Plan and the EDS 401(k) Plan will no longer be discretionary, but will be equal to 100% of an employee's contributions, up to a maximum of 4% of eligible compensation.

Effective January 31, 2004, HP designated the HP Stock Fund, an investment option under the HP 401(k) Plan, as an Employee Stock Ownership Plan and, as a result, participants in the HP Stock Fund may receive dividends in cash or may reinvest such dividends into the HP Stock Fund. HP paid approximately $7 million, $8 million, and $9 million in dividends for the HP common shares held by the HP Stock Fund in fiscal 2010, 2009, and 2008, respectively. HP records the dividends as a reduction of retained earnings in the Consolidated Statements of Stockholders' Equity. The HP Stock Fund held approximately 22 million shares of HP common stock at October 31, 2010.

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

Pension and Post-Retirement Benefit Expense

HP's net pension and post-retirement benefit cost (gain) recognized in the Consolidated Statements of Earnings was as follows for the following fiscal years ended October 31:

	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
				In millions					
Service cost	$ 1	$ 27	$ 63	$ 319	$ 312	$ 281	$ 12	$ 14	$ 29
Interest cost	578	592	296	657	619	475	47	70	78
Expected return on plan assets	(662)	(533)	(318)	(756)	(669)	(713)	(32)	(32)	(40)
Amortization and deferrals:									
Actuarial loss (gain)	27	(72)	(36)	214	71	1	14	6	19
Prior service benefit	—	—	—	(11)	(9)	(8)	(87)	(78)	(55)
Net periodic benefit cost	(56)	14	5	423	324	36	(46)	(20)	31
Curtailment (gain) loss	—	—	—	(6)	5	—	(13)	(2)	—
Settlement loss (gain)	7	(1)	(1)	7	12	(2)	—	—	—
Special termination benefits	—	—	—	29	55	4	—	—	—
Net benefit (gain) cost	$ (49)	$ 13	$ 4	$ 453	$ 396	$ 38	$(59)	$(22)	$ 31

In fiscal 2010, HP recognized aggregate pension curtailment gains and settlement losses totaling $6 million and $7 million, respectively, resulting from workforce rebalancing initiatives in several non-U.S. countries. In the United Kingdom, workforce rebalancing initiatives triggered pension termination benefits totaling $29 million. In the United States, a settlement loss of $7 million was recognized for payout activity related to non-qualified plans and a curtailment gain of $13 million was recognized for the elimination of life insurance benefits.

The weighted-average assumptions used to calculate net benefit cost were as follows for the following fiscal years ended October 31:

	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Discount rate	5.9%	8.0%	6.4%	5.0%	6.0%	5.2%	5.4%	8.2%	6.2%
Average increase in compensation levels	2.0%	2.0%	3.7%	2.5%	2.6%	3.3%	—	—	—
Expected long-term return on assets	8.0%	7.5%	6.7%	7.0%	6.9%	6.8%	9.5%	9.3%	8.7%

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

The medical cost and related assumptions used to calculate the net post-retirement benefit cost for the following fiscal years ended October 31 were as follows:

	2010[1]	2009	2008
Current medical cost trend rate	—	9.5%	7.5%
Ultimate medical cost trend rate	—	5.5%	5.5%
Year the medical cost rate reaches ultimate trend rate	—	2013	2010

(1) In connection with the plan changes announced in November 2008, the employer subsidy for the U.S. retiree medical plans was "frozen" in fiscal 2010. Therefore, trend rates for 2010 and beyond are no longer relevant to the liability calculation since any excess cost will be paid by retirees.

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

Funded Status

The funded status of the defined benefit and post-retirement benefit plans was as follows for the following fiscal years ended October 31:

	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	2010	2009	2010	2009	2010	2009
	In millions					
Change in fair value of plan assets:						
Fair value—beginning of year	$ 8,371	$ 7,313	$11,325	$ 9,507	$ 352	$ 401
Acquisition/addition/(deletion) of plans	—	—	—	(4)	—	—
Actual return on plan assets	1,224	1,509	1,430	856	56	(15)
Employer contributions	290	55	482	531	25	31
Participants' contributions	—	—	72	84	49	9
Benefits paid	(440)	(488)	(366)	(449)	(108)	(74)
Settlements	(18)	(18)	(73)	(125)	—	—
Currency impact	—	—	(110)	925	—	—
Fair value—end of year	9,427	8,371	12,760	11,325	374	352
Change in benefit obligation:						
Projected benefit obligation—beginning of year	$10,034	$ 7,654	$14,144	$10,468	$ 992	$1,096
Acquisition/addition/(deletion) of plans	—	—	5	(40)	—	(9)
Impact of change in measurement date	—	21	—	49	—	1
Service cost	1	27	319	312	12	14
Interest cost	578	592	658	619	47	70
Participants' contributions	—	—	72	84	49	9
Actuarial loss (gain)	747	2,245	1,514	2,106	(120)	60
Benefits paid	(440)	(488)	(366)	(449)	(109)	(74)
Plan amendments	—	1	(26)	(11)	(28)	(179)
Curtailment	—	—	(12)	(22)	—	—
Settlement	(18)	(18)	(73)	(125)	—	—
Special termination benefits	—	—	29	55	—	—
Currency impact	—	—	(175)	1,098	2	4
Projected benefit obligation—end of year	10,902	10,034	16,089	14,144	845	992
Plan assets less than benefit obligation	(1,475)	(1,663)	(3,329)	(2,819)	(471)	(640)
Net amount recognized	$(1,475)	$(1,663)	$(3,329)	$(2,819)	$(471)	$ (640)
Accumulated benefit obligation	$10,900	$10,031	$15,204	$13,217		

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

The net amounts recognized for HP's defined benefit and post-retirement benefit plans in HP's Consolidated Balance Sheets as of October 31, 2010 and October 31, 2009 were as follows:

	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	2010	2009	2010	2009	2010	2009
			In millions			
Non-current assets	$ —	$ 965	$ 95	$ 101	$ —	$ —
Current liability	(30)	(29)	(37)	(38)	(39)	(43)
Non-current liability	(1,445)	(2,599)	(3,387)	(2,882)	(432)	(597)
Net amount recognized	$(1,475)	$(1,663)	$(3,329)	$(2,819)	$(471)	$(640)

The following table summarizes the pretax net experience loss (gain) and prior service benefit recognized in accumulated other comprehensive (income) loss for the company's defined benefit and post-retirement benefit plans as of October 31, 2010.

	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
		In millions	
Net experience loss (gain)	$820	$3,868	$ (11)
Prior service benefit	—	(114)	(432)
Total recognized in accumulated other comprehensive loss (income)	$820	$3,754	$(443)

The following table summarizes the experience loss and prior service benefit that will be amortized from accumulated other comprehensive income and recognized as components of net periodic benefit cost (credit) during the next fiscal year.

	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans
		In millions	
Net experience loss	$34	$261	$ 2
Prior service benefit	—	(14)	(83)
Total to be recognized in accumulated other comprehensive loss (income)	$34	$247	$(81)

The weighted-average assumptions used to calculate the benefit obligation disclosed as of the 2010 and 2009 fiscal close were as follows:

	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		Post-Retirement Benefit Plans	
	2010	2009	2010	2009	2010	2009
Discount rate	5.6%	5.9%	4.4%	5.0%	4.4%	5.4%
Average increase in compensation levels	2.0%	2.0%	2.5%	2.5%	—	—

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

Defined benefit plans with projected benefit obligations exceeding the fair value of plan assets were as follows:

	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	2010	2009	2010	2009
	In millions			
Aggregate fair value of plan assets	$ 9,427	$3,516	$11,907	$ 9,247
Aggregate projected benefit obligation	$10,902	$6,144	$15,331	$12,167

Defined benefit plans with accumulated benefit obligations exceeding the fair value of plan assets were as follows:

	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans	
	2010	2009	2010	2009
	In millions			
Aggregate fair value of plan assets	$ 9,427	$3,515	$10,529	$7,040
Aggregate accumulated benefit obligation	$10,900	$6,141	$13,140	$9,263

Fair Value Considerations

The table below sets forth the fair value of our plan assets as of October 31, 2010 by asset category, using the same three-level hierarchy of fair-value inputs described in Note 9.

	U.S. Defined Benefit Plans				Non-U.S. Defined Benefit Plans				Post-Retirement Benefit Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	In millions											
Asset Category:												
Equity securities												
U.S.	$1,460	$ 4	$ —	$1,464	$1,028	$ 195	$ 64	$ 1,287	$ 68	$ —	$ —	$ 68
Non-U.S.	1,193	—	—	1,193	5,265	652	—	5,917	40	—	—	40
Debt securities												
Corporate	—	2,931	—	2,931	2,031	887	6	2,924	—	57	—	57
Government[(1)]	1,314	992	—	2,306	626	376	—	1,002	14	30	—	44
Alternative Investments												
Private Equities[(2)]	2	—	1,034	1,036	—	—	14	14	—	—	154	154
Hybrids	—	—	6	6	3	18	—	21	—	—	1	1
Hedge Funds	—	—	—	—	102	7	231	340	—	—	—	—
Real Estate Funds	—	—	—	—	363	171	225	759	—	—	—	—
Insurance Group Annuity Contracts	—	—	—	—	17	54	74	145	—	—	—	—
Cash and Cash Equivalents[(3)]	7	484	—	491	305	27	—	332	5	5	—	10
Other[(4)]	—	—	—	—	7	10	2	19	—	—	—	—
Total	$3,976	$4,411	$1,040	$9,427	$9,747	$2,397	$616	$12,760	$127	$92	$155	$374

(1) Includes debt issued by national, state and local governments and agencies.

(2) Includes limited partnerships and venture capital partnerships.

(3) Includes cash and cash equivalents such as short-term marketable securities.

(4) Includes international insured contracts and unsettled transactions.

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

Changes in fair value measurements of Level 3 investments during the year ended October 31, 2010, were as follows:

	U.S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans								Post-Retirement Benefit Plans		
	Alternative Investments			Equity	Debt Securities	Alternative Investments						Alternative Investments		
	Private Equities	Hybrids	Total	US Equities	Corporate Debt	Private Equities	Hedge Funds	Real Estate	Insurance Group Annuities	Other	Total	Private Equities	Hybrids	Total
	In millions													
Beginning balance at October 31, 2009	$ 911	$ 20	$ 931	$ —	$ —	$10	$ 49	$219	$74	$ 2	$354	$135	$ 3	$138
Actual return on plan assets:														
Relating to assets still held at the reporting date	—	—	—	(4)	—	1	26	19	3	—	45	19	(2)	17
Relating to assets sold during the period	—	—	—	—	—	—	8	3	(1)	—	10	—	—	—
Purchases, sales, settlements (net)	123	(14)	109	68	5	3	148	(16)	(2)	—	206	—	—	—
Transfers in and/or out of Level 3	—	—	—	—	1	—	—	—	—	—	1	—	—	—
Ending balance at October 31, 2010	$1,034	$ 6	$1,040	$64	$ 6	$14	$231	$225	$74	$ 2	$616	$154	$ 1	$155

Plan Asset Valuations

The following is a description of the valuation methodologies used for pension plan assets measured at fair value. There have been no changes in the methodologies used during the reporting period.

Investments in securities are valued at the closing price reported on the stock exchange in which the individual securities are traded. For corporate, government, and asset-backed debt securities, fair value is based upon observable inputs of comparable market transactions. For corporate and government debt securities traded on active exchanges, fair value is based upon observable quoted prices. Underlying assets for alternative investments such as limited partnerships, joint ventures and private equities are determined by the general partner or the general partner's designee on a quarter or periodic basis. The valuation for these assets requires judgment due to the absence of quoted market prices, and these assets are therefore classified as Level 3. Cash and cash equivalents includes money market accounts, which are valued based on the net asset value of the shares. Other assets were valued based upon the level of input (e.g., quoted prices, observable inputs (other than Level 1) or unobservable inputs that were significant to the fair value measurement of the assets).

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

Plan Asset Allocations

The weighted-average target and actual asset allocations across the HP and EDS plans at the respective measurement dates were as follows:

	U. S. Defined Benefit Plans			Non-U.S. Defined Benefit Plans			Post-Retirement Benefit Plans		
	2010 Target	Plan Assets		2010 Target	Plan Assets		2010 Target	Plan Assets	
Asset Category	Allocation	2010	2009	Allocation	2010	2009	Allocation	2010	2009
Public equity securities		28.2%	29.3%		57.6%	61.6%		28.9%	36.5%
Private equity securities		11.1%	10.9%		2.9%	—		41.4%	33.5%
Real estate and other		—	0.3%		6.1%	4.2%		—	1.3%
Equity related investments	40.0%	39.3%	40.5%	71.1%	66.6%	65.8%	70.3%	70.3%	71.3%
Public debt securities	60.0%	55.5%	58.7%	28.8%	30.8%	32.9%	27.0%	27.0%	25.9%
Cash	—	5.2%	0.8%	0.1%	2.6%	1.3%	2.7%	2.7%	2.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Investment Policy

HP's investment strategy for worldwide plan assets is to seek a competitive rate of return relative to an appropriate level of risk depending on the funded status of each plan. The majority of the plans' investment managers employ active investment management strategies with the goal of outperforming the broad markets in which they invest. Risk management practices include diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. A number of the plans' investment managers are authorized to utilize derivatives for investment or liability exposures, and HP utilizes derivatives to effect asset allocation changes or to hedge certain investment or liability exposures.

The target asset allocation selected for each U.S. plan reflects a risk/return profile HP feels is appropriate relative to each plan's liability structure and return goals. HP conducts periodic asset-liability studies for U.S. plan assets in order to model various potential asset allocations in comparison to each plan's forecasted liabilities and liquidity needs. HP invests a portion of the U.S. defined benefit plan assets and post-retirement benefit plan assets in private market securities such as venture capital funds to provide diversification and higher expected returns.

Outside the United States, asset allocation decisions are typically made by an independent board of trustees. As in the U.S., investment objectives are designed to generate returns that will enable the plan to meet its future obligations. In some countries local regulations require adjustments in asset allocation, typically leading to a higher percentage in fixed income than would otherwise be deployed. HP's investment subsidiary acts in a consulting and governance role in reviewing investment strategy and providing a recommended list of investment managers for each country plan, with final decisions on asset allocation and investment managers made by local trustees.

Basis for Expected Long-Term Rate of Return on Plan Assets

The expected long-term rate of return on assets for each U.S. plan reflects the expected returns for each major asset class in which the plan invests and the weight of each asset class in the target mix.

Note 16: Retirement and Post-Retirement Benefit Plans (Continued)

Expected asset class returns reflect the current yield on U.S. government bonds and risk premiums for each asset class. Because HP's investment policy is to employ primarily active investment managers who seek to outperform the broader market, the asset class expected returns are adjusted to reflect the expected additional returns net of fees.

HP closed the acquisition of EDS on August 26, 2008. Effective immediately before the close of fiscal 2009, HP merged the assets of the HP and EDS U.S. pension plans. The expected return on the plan assets, used in calculating the net benefit costs, is 8.0% for fiscal 2011, which reflects the result of the most recent asset allocation study and is commensurate with the investment strategy for the merged U.S. pension plan.

The approach used to arrive at the expected rate of return on assets for the non-U.S. plans reflects the asset allocation policy of each plan and the expected country real returns for equity and fixed income investments. On an annual basis, HP gathers empirical data from the local country subsidiaries to determine expected long-term rates of return for equity and fixed income securities. HP then weights these expected real rates of return based on country specific allocation mixes adjusted for inflation.

Future Contributions and Funding Policy

In fiscal 2011, HP expects to contribute approximately $747 million to its pension plans and approximately $30 million to cover benefit payments to U.S. non-qualified plan participants. HP expects to pay approximately $40 million to cover benefit claims for HP's post-retirement benefit plans. HP's funding policy is to contribute cash to its pension plans so that it meets at least the minimum contribution requirements, as established by local government, funding and taxing authorities.

Estimated Future Benefits Payable

HP estimates that the future benefits payable for the retirement and post-retirement plans in place were as follows at October 31, 2010:

	U.S. Defined Benefit Plans	Non-U.S. Defined Benefit Plans	Post-Retirement Benefit Plans(1)
		In millions	
Fiscal year ending October 31			
2011	$ 532	$ 403	$ 84
2012	$ 559	$ 417	$ 83
2013	$ 580	$ 444	$ 78
2014	$ 607	$ 482	$ 76
2015	$ 509	$ 517	$ 75
Next five fiscal years to October 31, 2020	$2,993	$3,285	$341

(1) The estimated future benefits payable for the post-retirement plans are reflected net of the expected Medicare Part D subsidy.

Note 17: Commitments

HP leases certain real and personal property under non-cancelable operating leases. Certain leases require HP to pay property taxes, insurance and routine maintenance and include renewal options and escalation clauses. Rent expense was approximately $1,062 million in fiscal 2010, $1,112 million in fiscal 2009 and $935 million in fiscal 2008. Sublease rental income was approximately $46 million in fiscal 2010, $53 million in fiscal 2009 and $37 million in fiscal 2008.

At October 31, 2010 and October 31, 2009, property under capital lease, which was comprised primarily of equipment and furniture, was approximately $688 million and $723 million, respectively and was included in property, plant and equipment in the accompanying Consolidated Balance Sheets. Accumulated depreciation on the property under capital lease was approximately $482 million and $406 million, respectively, at October 31, 2010 and October 31, 2009. The related depreciation is included in depreciation expense.

Future annual minimum lease payments, sublease rental income commitments and capital lease commitments at October 31, 2010 were as follows:

	2011	2012	2013	2014	2015	Thereafter	Total
				In millions			
Minimum lease payments	$917	$855	$622	$373	$279	$643	$3,689
Less: Sublease rental income	(38)	(27)	(24)	(15)	(7)	(13)	(124)
	$879	$828	$598	$358	$272	$630	$3,565
Capital lease commitments	$111	$ 72	$ 51	$227	$ 15	$ 72	$ 548
Less: Interest payments	(14)	(12)	(9)	(7)	(4)	(19)	(65)
	$ 97	$ 60	$ 42	$220	$ 11	$ 53	$ 483

At October 31, 2010, HP had unconditional purchase obligations of approximately $2.6 billion. These unconditional purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on HP and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the approximate timing of the transaction. Unconditional purchase obligations exclude agreements that are cancelable without penalty. These unconditional purchase obligations are related principally to inventory and other items. Future unconditional purchase obligations at October 31, 2010 were as follows:

	2011	2012	2013	2014	2015	Thereafter	Total
			In millions				
Unconditional purchase obligations	$1,973	$483	$126	$36	$26	$ —	$2,644

Note 18: Litigation and Contingencies

HP is involved in lawsuits, claims, investigations and proceedings, including those identified below, consisting of intellectual property, commercial, securities, employment, employee benefits and environmental matters that arise in the ordinary course of business. HP records a provision for a liability when management believes that it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. HP believes it has adequate provisions for any such matters. HP reviews these provisions at least quarterly and adjusts these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Based on its experience, HP believes that any damage amounts claimed

Note 18: Litigation and Contingencies (Continued)

in the specific matters discussed below are not a meaningful indicator of HP's potential liability. Litigation is inherently unpredictable. However, HP believes that it has valid defenses with respect to legal matters pending against it. Nevertheless, it is possible that cash flows or results of operations could be materially affected in any particular period by the unfavorable resolution of one or more of these contingencies or because of the diversion of management's attention and the creation of significant expenses.

Litigation, Proceedings and Investigations

Copyright levies. As described below, proceedings are ongoing or have been concluded involving HP in certain European Union ("EU") member countries, including litigation in Germany and Belgium, seeking to impose or modify levies upon equipment (such as multifunction devices ("MFDs"), personal computers ("PCs") and printers) and alleging that these devices enable producing private copies of copyrighted materials. The levies are generally based upon the number of products sold and the per-product amounts of the levies, which vary. Some EU member countries that do not yet have levies on digital devices are expected to implement similar legislation to enable them to extend existing levy schemes, while some other EU member countries are expected to limit the scope of levy schemes and applicability in the digital hardware environment. HP, other companies and various industry associations have opposed the extension of levies to the digital environment and have advocated alternative models of compensation to rights holders.

VerwertungsGesellschaft Wort ("VG Wort"), a collection agency representing certain copyright holders, instituted legal proceedings against HP in the Stuttgart Civil Court seeking levies on printers. On December 22, 2004, the court held that HP is liable for payments regarding all printers using ASCII code sold in Germany but did not determine the amount payable per unit. HP appealed this decision in January 2005 to the Stuttgart Court of Appeals. On May 11, 2005, the Stuttgart Court of Appeals issued a decision confirming that levies are due. On June 6, 2005, HP filed an appeal to the German Federal Supreme Court in Karlsruhe. On December 6, 2007, the German Federal Supreme Court issued a judgment that printers are not subject to levies under the existing law. The court issued a written decision on January 25, 2008, and VG Wort subsequently filed an application with the German Federal Supreme Court under Section 321a of the German Code of Civil Procedure contending that the court did not consider their arguments. On May 9, 2008, the German Federal Supreme Court denied VG Wort's application. VG Wort appealed the decision by filing a claim with the German Federal Constitutional Court challenging the ruling that printers are not subject to levies. On September 21, 2010, the Constitutional Court published a decision holding that the German Federal Supreme Court erred by not referring questions on interpretation of German copyright law to the Court of Justice of the European Union and therefore revoked the German Federal Supreme Court decision and remitted the matter to it. The German Federal Supreme Court has set a hearing date of March 24, 2011.

In September 2003, VG Wort filed a lawsuit against Fujitsu Siemens Computer GmbH ("FSC") in the Munich Civil Court in Munich, Germany seeking levies on PCs. This is an industry test case in Germany, and HP has agreed not to object to the delay if VG Wort sues HP for such levies on PCs following a final decision against FSC. On December 23, 2004, the Munich Civil Court held that PCs are subject to a levy and that FSC must pay €12 plus compound interest for each PC sold in Germany since March 2001. FSC appealed this decision in January 2005 to the Munich Court of Appeals. On December 15, 2005, the Munich Court of Appeals affirmed the Munich Civil Court decision. FSC filed an appeal with the German Federal Supreme Court in February 2006. On October 2, 2008, the German

Note 18: Litigation and Contingencies (Continued)

Federal Supreme Court issued a judgment that PCs were not photocopiers within the meaning of the German copyright law that was in effect until December 31, 2007 and, therefore, not subject to the levies on photocopiers established by that law. VG Wort has filed a claim with the German Federal Constitutional Court challenging that ruling. FSC and BITKOM have responded to VG Wort's claim, and the parties are awaiting a decision by the court as to whether it will accept or decide on the claim for judicial review.

Reprobel, a cooperative society with the authority to collect and distribute the remuneration for reprography to Belgian copyright holders, requested HP by extra-judicial means to amend certain copyright levy declarations submitted for inkjet MFDs sold in Belgium from January 2005 to December 2009 to enable it to collect copyright levies calculated based on the generally higher copying speed when the MFDs are operated in draft print mode rather than when operated in normal print mode. In March 2010, HP filed a lawsuit against Reprobel in the French-speaking chambers of the Court of First Instance of Brussels seeking a declaratory judgment that no copyright levies are payable on sales of MFDs in Belgium or, alternatively, that copyright levies payable on such MFDs must be assessed based on the copying speed when operated in the normal print mode set by default in the device. The schedule for the court proceedings has been determined, and no decision from the court is expected before September 2012.

Based on industry opposition to the extension of levies to digital products, HP's assessments of the merits of various proceedings and HP's estimates of the units impacted and levies, HP has accrued amounts that it believes are adequate to address the matters described above. However, the ultimate resolution of these matters and the associated financial impact on HP, including the number of units impacted, the amount of levies imposed and the ability of HP to recover such amounts through increased prices, remains uncertain.

Skold, et al. v. Intel Corporation and Hewlett-Packard Company is a lawsuit in which HP was joined on June 14, 2004 that is pending in state court in Santa Clara County, California. The lawsuit alleges that HP (along with Intel) misled the public by suppressing and concealing the alleged material fact that systems that use the Intel Pentium 4 processor are less powerful and slower than systems using the Intel Pentium III processor and processors made by a competitor of Intel. The plaintiffs seek unspecified damages, restitution, attorneys' fees and costs, and certification of a nationwide class. On February 27, 2009, the court denied with prejudice plaintiffs' motion for nationwide class certification for a third time. The plaintiffs have appealed the court's decision.

Inkjet Printer Litigation. As described below, HP is involved in several lawsuits claiming breach of express and implied warranty, unjust enrichment, deceptive advertising and unfair business practices where the plaintiffs have alleged, among other things, that HP employed a "smart chip" in certain inkjet printing products in order to register ink depletion prematurely and to render the cartridge unusable through a built-in expiration date that is hidden, not documented in marketing materials to consumers, or both. The plaintiffs have also contended that consumers received false ink depletion warnings and that the smart chip limits the ability of consumers to use the cartridge to its full capacity or to choose competitive products.

- A consolidated lawsuit captioned *In re HP Inkjet Printer Litigation* is pending in the United States District Court for the Northern District of California where the plaintiffs are seeking class certification, restitution, damages (including enhanced damages), injunctive relief, interest, costs, and attorneys' fees. On January 4, 2008, the court heard plaintiffs' motions for class certification and to add a class representative and HP's motion for summary judgment. On July 25, 2008, the

Note 18: Litigation and Contingencies (Continued)

court denied all three motions. On March 30, 2009, the plaintiffs filed a renewed motion for class certification. A hearing on the plaintiffs' motion for class certification scheduled for April 9, 2010 was postponed.

- A lawsuit captioned Blennis v. HP was filed on January 17, 2007 in the United States District Court for the Northern District of California where the plaintiffs are seeking class certification, restitution, damages (including enhanced damages), injunctive relief, interest, costs, and attorneys' fees. A class certification hearing was scheduled for May 21, 2010 but was taken off the calendar.
- A lawsuit captioned Rich v. HP was filed against HP on May 22, 2006 in the United States District Court for the Northern District of California. The suit alleges that HP designed its color inkjet printers to unnecessarily use color ink in addition to black ink when printing black and white images and text. The plaintiffs are seeking to certify a nationwide injunctive class and a California-only damages class. A class certification hearing was scheduled for May 7, 2010 but was taken off the calendar.
- Four class actions against HP and its subsidiary, Hewlett-Packard (Canada) Co., are pending in Canada, one commenced in British Columbia in February 2006, two commenced in Quebec in April 2006 and May 2006, respectively, and one commenced in Ontario in June 2006, where the plaintiffs are seeking class certification, restitution, declaratory relief, injunctive relief and unspecified statutory, compensatory and punitive damages. In March 2010, one of the Quebec cases was voluntarily dismissed by the plaintiff.

On August 25, 2010, HP and the plaintiffs in In re HP Inkjet Printer Litigation, Blennis v. HP and Rich v. HP entered into an agreement to settle those lawsuits on behalf of the proposed classes, which agreement is subject to approval of the court before it becomes final. Under the terms of the proposed settlement, the lawsuits will be consolidated, and eligible class members will each have the right to obtain e-credits not to exceed $5 million in the aggregate for use in purchasing printers or printer supplies through HP's website. As part of the proposed settlement, HP also agreed to provide class members with additional information regarding HP inkjet printer functionality and to change the content of certain software and user guide messaging provided to users regarding the life of inkjet printer cartridges. In addition, class counsel and the class representatives will be paid attorneys' fees and expenses and stipends in an amount that is yet to be approved by the court. On October 1, 2010, the court granted preliminary approval of the proposed settlement. The court has scheduled a fairness hearing on January 28, 2011 to determine whether to grant final approval of the proposed settlement.

Baggett v. HP is a consumer class action filed against HP on June 6, 2007 in the United States District Court for the Central District of California alleging that HP employs a technology in its LaserJet color printers whereby the printing process shuts down prematurely, thus preventing customers from using the toner that is allegedly left in the cartridge. The plaintiffs also allege that HP fails to disclose to consumers that they will be unable to utilize the toner remaining in the cartridge after the printer shuts down. The complaint seeks certification of a nationwide class of purchasers of all HP LaserJet color printers and seeks unspecified damages, restitution, disgorgement, injunctive relief, attorneys' fees and costs. On September 29, 2009, the court granted HP's motion for summary judgment against the named plaintiff and denied plaintiff's motion for class certification as moot. On November 3, 2009, the court entered judgment against the named plaintiff. On November 17, 2009, plaintiff filed an appeal of the court's summary judgment ruling with the United States Court of Appeals for the Ninth Circuit. On August 25, 2010, HP and the plaintiff entered into an agreement to

Note 18: Litigation and Contingencies (Continued)

settle the lawsuit on behalf of the proposed class, which agreement is subject to approval of the court before it becomes final. Under the terms of the proposed settlement, eligible class members will each have the right to obtain e-credits not to exceed $5 million in the aggregate for use in purchasing printers or printer supplies through HP's website. In addition, class counsel and the class representative will be paid attorneys' fees and expenses and stipends in an amount that is yet to be approved by the court. On October 13, 2010, the court granted preliminary approval of the proposed settlement. The court has scheduled a fairness hearing for January 31, 2011 to determine whether to grant final approval of the proposed settlement.

Fair Labor Standards Act Litigation. HP is involved in several lawsuits in which the plaintiffs are seeking unpaid overtime compensation and other damages based on allegations that various employees of EDS or HP have been misclassified as exempt employees under the Fair Labor Standards Act and/or in violation of the California Labor Code or other state laws. Those matters include the following:

- *Cunningham and Cunningham, et al. v. Electronic Data Systems Corporation* is a purported collective action filed on May 10, 2006 in the U.S. District Court for the Southern District of New York claiming that current and former EDS employees involved in installing and/or maintaining computer software and hardware were misclassified as exempt employees. Another purported collective action, *Steavens, et al. v. Electronic Data Systems Corporation*, which was filed on October 23, 2007, is also now pending in the same court alleging similar facts. The *Steavens* case has been consolidated for pretrial purposes with the *Cunningham* case. On December 14, 2010, the court granted conditional certification of the class in the consolidated *Cunningham* and *Steavens* matter.
- *Heffelfinger, et al. v. Electronic Data Systems Corporation* is a class action filed in November 2006 in California Superior Court claiming that certain EDS information technology workers in California were misclassified as exempt employees. The case was subsequently transferred to the U.S. District Court for the Central District of California, which, on January 7, 2008, certified a class of information technology workers in California. On June 6, 2008, the court granted the defendant's motion for summary judgment. The plaintiffs subsequently filed an appeal with the U.S. Court of Appeals for the Ninth Circuit, which is pending. Two other purported class actions originally filed in California Superior Court, *Karlbom, et al. v. Electronic Data Systems Corporation*, which was filed on March 16, 2009, and *George, et al. v. Electronic Data Systems Corporation*, which was filed on April 2, 2009, allege similar facts. The *Karlbom* case is pending in San Diego County Superior Court but has been temporarily stayed based on the pending motions in the *Steavens* consolidated matter. The *George* case is pending in the U.S. District Court for the Southern District of New York and has been consolidated for pretrial purposes with the *Cunningham* and *Steavens* cases.

India Directorate of Revenue Intelligence Proceedings. As described below, Hewlett-Packard India Sales Private Ltd ("HPI"), a subsidiary of HP, and certain current and former HP employees have received show cause notices from the India Directorate of Revenue Intelligence (the "DRI") alleging underpayment of certain customs duties:

- On April 30 and May 10, 2010, the DRI issued show cause notices to HPI, seven current HP employees and one former HP employee alleging that HP has underpaid customs duties while importing products and spare parts into India and seeking to recover an aggregate of approximately $370 million, plus penalties. On June 2, 2010, the DRI issued an additional show

Note 18: Litigation and Contingencies (Continued)

cause notice to HPI and three current HPI employees alleging that HP failed to pay customs duties on the appropriate value of recovery CDs containing Microsoft operating systems and seeking to recover approximately $5.3 million, plus penalties. HP has deposited a total of approximately $16.7 million with the DRI and agreed to post a provisional bond in exchange for the DRI's agreement not to seize HP products and spare parts and not to interrupt the transaction of business by HP in India.

- On June 17, 2010, the DRI issued show cause notices to HPI and two current HPI employees regarding non-inclusion of the value of software contained in the products imported from third party original design manufacturers. The total amount of the alleged unpaid customs duties relating to such software, including the interest proposed to be demanded under these notices, is approximately $130,000, which amount HPI has deposited with the DRI. The DRI is also seeking to impose penalties.
- On October 1, 2010, in connection with an existing DRI investigation commenced against SAP AG, the DRI issued a show cause notice to HPI alleging underpayment of customs duties related to the importation of certain SAP software. The amount of the alleged duty differential is approximately $38,000, which amount has been deposited with the DRI. The DRI is also seeking to impose interest and penalties.

HP intends to contest each of the show cause notices through the judicial process. HP has responded or is in the process of responding to the show cause notices.

Russia GPO and Related Investigations. The German Public Prosecutor's Office ("German PPO") has been conducting an investigation into allegations that current and former employees of HP engaged in bribery, embezzlement and tax evasion relating to a transaction between Hewlett-Packard ISE GmbH in Germany, a former subsidiary of HP, and the Chief Public Prosecutor's Office of the Russian Federation. The €35 million transaction, which was referred to as the Russia GPO deal, spanned the years 2001 to 2006 and was for the delivery and installation of an IT network.

The U.S. Department of Justice and the SEC have also been conducting an investigation into the Russia GPO deal and potential violations of the Foreign Corrupt Practices Act ("FCPA"). Under the FCPA, a person or an entity could be subject to fines, civil penalties of up to $500,000 per violation and equitable remedies, including disgorgement and other injunctive relief. In addition, criminal penalties could range from the greater of $2 million per violation or twice the gross pecuniary gain or loss from the violation.

In addition to information about the Russia GPO deal, the U.S. enforcement authorities have requested (i) information related to certain other transactions, including transactions in Russia, Serbia and in the Commonwealth of Independent States (CIS) subregion dating back to 2000, and (ii) information related to two former HP executives seconded to Russia and to whether HP personnel in Russia, Germany, Austria, Serbia, the Netherlands or CIS were involved in kickbacks or other improper payments to channel partners, or state owned or private entities.

HP is cooperating with these investigating agencies.

In addition, as described below, HP is involved in stockholder derivative litigation arising from the Russia GPO deal, the related investigations and other matters commenced against current and former

Note 18: Litigation and Contingencies (Continued)

members of the HP Board of Directors in which the plaintiffs are seeking to recover certain compensation paid by HP to the defendants and other damages:

- *Henrietta Klein v. Mark V. Hurd, et al.,* is a lawsuit filed on September 24, 2010 in California Superior Court alleging the individual defendants wasted corporate assets and breached their fiduciary duties by failing to implement and oversee HP's compliance with the FCPA.
- *Saginaw Police & Fire Pension Fund v. Marc L. Andreessen, et al.,* is a lawsuit filed on October 19, 2010 in United States District Court for the Northern District of California alleging, among other things, that the defendants breached their fiduciary duties and were unjustly enriched by consciously disregarding HP's alleged violations of the FCPA.

Leak Investigation Proceedings. As described below, HP is or has been the subject of various governmental inquiries concerning the processes employed in an investigation into leaks of HP confidential information to members of the media that concluded in May 2006:

- In August 2006, HP was informally contacted by the Attorney General of the State of California requesting information concerning the processes employed in the leak investigation. On December 7, 2006, HP announced that it entered into an agreement with the California Attorney General to resolve civil claims arising from the leak investigation, including a claim made by the California Attorney General in a Santa Clara County Superior Court action filed on December 7, 2006, that HP committed unfair business practices under California law in connection with the leak investigation. As a result of this agreement, which includes an injunction, the California Attorney General will not pursue civil claims against HP or its current and former directors, officers and employees. Under the terms of the agreement, HP paid a total of $14.5 million and agreed to implement and maintain for five years a series of measures designed to ensure that HP's corporate investigations are conducted in accordance with California law and the company's high ethical standards. Of the $14.5 million, $13.5 million has been used to create a Privacy and Piracy Fund to assist California prosecutors in investigating and prosecuting consumer privacy and information piracy violations, $650,000 was used to pay statutory damages and $350,000 reimbursed the California Attorney General's office for its investigation costs. There was no finding of liability against HP as part of the settlement.
- Beginning in September 2006, HP received requests from the Committee on Energy and Commerce of the U.S. House of Representatives (the "Committee") for records and information concerning the leak investigation, securities transactions by HP officers and directors, including an August 25, 2006, securities transaction by Mark Hurd, HP's former Chairman and Chief Executive Officer, and related matters. HP has responded to those requests. In addition, Mr. Hurd voluntarily gave testimony to the Committee regarding the leak investigation on September 28, 2006.
- In September 2006, HP was informally contacted by the U.S. Attorney for the Northern District of California requesting similar information concerning the processes employed in the leak investigation. HP has responded to that request.

Note 18: Litigation and Contingencies (Continued)

- Beginning in September 2006, HP has received requests from the Division of Enforcement of the Securities and Exchange Commission for records and information and interviews with current and former HP directors and officers relating to the leak investigation, the resignation of Thomas J. Perkins from HP's Board of Directors, HP's May 22, 2006 and September 6, 2006 filings with the SEC on Form 8-K, stock repurchases by HP and securities transactions by its officers and directors that occurred between May 1 and October 1, 2006, and HP's policies, practices and approval of securities transactions. In May 2007, HP consented to the entry of an order by the SEC ordering HP to cease and desist from committing or causing violations of the public reporting requirements of the Securities Exchange Act of 1934, as amended. HP has been advised by the staff of the Division of Enforcement that the staff has completed its investigation and does not intend to recommend that any other SEC enforcement action be brought in connection with these matters.
- In September 2006, HP received a request from the U.S. Federal Communications Commission for records and information relating to the processes employed in the leak investigation. HP has responded to that request.

In addition, four stockholder derivative lawsuits have been filed in California purportedly on behalf of HP stockholders seeking to recover damages for alleged breach of fiduciary duty and to require HP to improve its corporate governance and internal control procedures as a result of the activities of the leak investigation: *Staehr v. Dunn, et al.* was filed in Santa Clara County Superior Court on September 18, 2006; *Worsham v. Dunn, et al.* was filed in Santa Clara County Superior Court on September 14, 2006; *Tansey v. Dunn, et al.* was filed in Santa Clara County Superior Court on September 20, 2006; and *Hall v. Dunn, et al.* was filed in Santa Clara County Superior Court on September 25, 2006. On October 19, 2006, the Santa Clara County Superior Court consolidated the four California cases under the caption *In re Hewlett-Packard Company Derivative Litigation*. The consolidated complaint filed on November 19, 2006, also seeks to recover damages in connection with sales of HP stock alleged to have been made by certain current and former HP officers and directors while in possession of material non-public information. Two additional stockholder derivative lawsuits, *Pifko v. Babbio, et al.*, filed on September 19, 2006, and *Gross v. Babbio, et al.*, filed on November 21, 2006, were filed in Chancery Court, County of New Castle, Delaware; both seek to recover damages for alleged breaches of fiduciary duty and to obtain an order instructing the defendants to refrain from further breaches of fiduciary duty and to implement corrective measures that will prevent future occurrences of the alleged breaches of fiduciary duty. On January 24, 2007, the Delaware court consolidated the two cases under the caption *In re Hewlett-Packard Company Derivative Litigation* and subsequently stayed the proceedings, as the parties had reached a tentative settlement. The HP Board of Directors appointed a Special Litigation Committee consisting of independent Board members authorized to investigate, review and evaluate the facts and circumstances asserted in these derivative matters and to determine how HP should proceed in these matters. On December 14, 2007, HP and the plaintiffs in the California and Delaware derivative actions entered into an agreement to settle those lawsuits. Under the terms of the settlement, HP agreed to continue certain corporate governance changes until December 31, 2012 and to pay the plaintiffs' attorneys' fees. The California court granted final approval to the settlement on March 11, 2008 and subsequently granted plaintiffs' counsel's fee application and dismissed the action. On June 12, 2008, the Delaware court granted final approval to the settlement and the plaintiffs' application for attorneys' fees and also dismissed the action. Because neither the dismissal of the California nor the Delaware derivative action was thereafter appealed, both cases are now concluded.

Note 18: Litigation and Contingencies (Continued)

Environmental

HP is subject to various federal, state, local and foreign laws and regulations concerning environmental protection, including laws addressing the discharge of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, the materials used in its products, and the recycling, treatment and disposal of its products including batteries. In particular, HP faces increasing complexity in its product design and procurement operations as it adjusts to new and future requirements relating to the chemical and materials composition of its products, their safe use, and the energy consumption associated with those products, including requirements relating to climate change. HP products are also subject to product take-back legislation in an increasing number of jurisdictions. HP could incur substantial costs, its products could be restricted from entering certain jurisdictions, and it could face other sanctions, if it were to violate or become liable under environmental laws or if its products become non-compliant with environmental laws. HP's potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean up costs. The amount and timing of costs under environmental laws are difficult to predict.

HP is party to, or otherwise involved in, proceedings brought by U.S. or state environmental agencies under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), known as "Superfund," or state laws similar to CERCLA. HP is also conducting environmental investigations or remediations at several current or former operating sites pursuant to administrative orders or consent agreements with state environmental agencies.

Note 19: Segment Information

Description of Segments

HP is a leading global provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses, and large enterprises, including customers in the government, health and education sectors. HP's offerings span multi-vendor customer services, including infrastructure technology and business process outsourcing, technology support and maintenance, application development and support services, and consulting and integration services; enterprise information technology infrastructure, including enterprise storage and server technology, networking products and solutions, information management software and software that optimizes business technology investments; personal computing and other access devices; and imaging and printing-related products and services.

HP and its operations are organized into seven business segments for financial reporting purposes: Services, Enterprise Storage and Servers ("ESS"), HP Software, the Personal Systems Group ("PSG"), the Imaging and Printing Group ("IPG"), HP Financial Services ("HPFS"), and Corporate Investments. HP's organizational structure is based on a number of factors that management uses to evaluate, view and run its business operations, which include, but are not limited to, customer base, homogeneity of products and technology. The business segments are based on this organizational structure and information reviewed by HP's management to evaluate the business segment results. Services, ESS and HP Software are reported collectively as a broader HP Enterprise Business. In order to provide a supplementary view of HP's business, aggregated financial data for the HP Enterprise Business is presented herein.

Note 19: Segment Information (Continued)

HP has reclassified segment operating results for fiscal 2009 and fiscal 2008 to conform to certain fiscal 2010 organizational realignments. None of the changes impacts HP's previously reported consolidated net revenue, earnings from operations, net earnings or net earnings per share. Future changes to this organizational structure may result in changes to the business segments disclosed.

A description of the types of products and services provided by each business segment follows.

HP Enterprise Business.

Each of the business segments within the HP Enterprise Business is described in detail below.

• *Services* provides consulting, outsourcing and technology services across infrastructure, applications and business process domains. Services is divided into four main business units: infrastructure technology outsourcing, technology services, applications services and business process outsourcing. Infrastructure technology outsourcing delivers comprehensive services that encompass the data center and the workplace (desktop); network and communications; and security, compliance and business continuity. HP also offers a set of managed services, providing a cross-section of its broader infrastructure services for smaller discrete engagements. Technology services include consulting and support services, such as mission critical services, converged infrastructure services, networking services, data center transformation services and infrastructure services, as well as warranty support across HP's product lines. Applications services help clients revitalize and manage their applications assets through flexible, project-based, consulting services and longer-term outsourcing contracts. These full life cycle services encompass application development, testing, modernization, system integration, maintenance and management. Business process outsourcing solutions include a broad array of enterprise shared services, customer relationship management services, financial process management services and administrative services.

• *Enterprise Storage and Servers* provides storage and server products. The various server offerings range from entry-level servers to high-end scalable servers, including Superdome servers. Industry standard servers include primarily entry-level and mid-range ProLiant servers, which run primarily Windows, Linux and Novell operating systems and leverage Intel Corporation ("Intel") and Advanced Micro Devices ("AMD") processors. The business spans a range of product lines, including pedestal-tower servers, density-optimized rack servers and HP's BladeSystem family of server blades. Business Critical Systems include HP Integrity servers based on the Intel Itanium-based processor that run HP-UX, Microsoft Windows and OpenVMS operating systems, as well as fault-tolerant HP Integrity NonStop solutions. Business Critical Systems' portfolio of server solutions includes Scale-up x86 ProLiant Servers, the BladeSystem architecture-based Integrity blade servers and the Superdome 2 server solution. HP's StorageWorks offerings include entry-level, mid-range and high-end arrays, storage area networks ("SANs"), network attached storage ("NAS"), storage management software, and virtualization technologies, as well as StoreOnce data deduplication solutions, tape drives, tape libraries and optical archival storage.

• *HP Software* provides enterprise software and services. Enterprise IT management products and services, which are marketed as HP's business technology optimization (BTO) portfolio, help customers to manage IT infrastructure and services, operations, applications, and business processes and to automate data center operations and IT processes. Solutions are delivered in the form of traditional software licenses and, in some cases, via a software-as-a-service (SaaS) distribution model. Other software includes information management, business intelligence, and

Note 19: Segment Information (Continued)

communications and media solutions. Our information management products and services automate the retention, management, search and segregation of information across the enterprise. Business intelligence solutions enable businesses to standardize on consistent data management schemes, connect and share data across the enterprise and apply analytics. Communications and media solutions enable service providers, media companies, and network equipment providers to create, deliver, and manage consumer and enterprise communications services.

HP's business segments not included in HP Enterprise Business are described below.

- *Personal Systems Group* provides commercial PCs, consumer PCs, workstations, handheld computing devices, calculators and other related accessories, software and services for the commercial and consumer markets. Commercial PCs are optimized for commercial uses, including enterprise and small- and medium-sized business ("SMB") customers, and for connectivity and manageability in networked environments. Commercial PCs include the HP Compaq, HP Pro, and HP Elite lines of business desktops and notebooks, as well as the All in One Touchsmart and Omni PCs, HP Mini-Note PC, HP Blade PCs, Retail POS systems, and HP Thin Clients. Consumer PCs are targeted at the home user and include the HP Pavilion and Compaq Presario series of multi media consumer desktops and notebooks, as well as the HP Pavilion Elite desktops, HP Envy Premium notebooks, Touchsmart PCs, All in One PC, HP and Compaq Mini notebooks, and the Media Smart Home Server. HP's Z series desktop workstations and HP Elitebook Mobile Workstations provide advanced graphics, computing, and large modeling capabilities, certified with applications in a wide range of industries and running both Windows and Linux operating systems. PSG provides a series of HP iPAQ Pocket PC handheld computing devices that run on Windows Mobile software. These products range from basic PDAs to advanced devices with voice and data capability.
- *Imaging and Printing Group* provides consumer and commercial printer hardware, printing supplies, printing media and scanning devices. IPG is also focused on imaging solutions in the commercial markets. These solutions range from managed print services solutions to addressing new growth opportunities in commercial printing and capturing high-value pages in areas such as industrial applications, outdoor signage, and the graphic arts business. Inkjet and Web Solutions delivers HP's consumer and SMB inkjet solutions (hardware, supplies, media) and develops HP's retail and web businesses. It includes single function and all-in-one inkjet printers targeted toward consumers and SMBs as well as retail publishing solutions, Snapfish, and Logoworks. LaserJet and Enterprise Solutions delivers products and services to the enterprise segment. It includes LaserJet printers and supplies, multi-function printers, scanners, and enterprise software solutions such as Exstream Software and Web Jetadmin. Managed enterprise solutions include managed print services products and solutions delivered to enterprise customers partnering with third-party software providers to offer workflow solutions in the enterprise environment. Graphics solutions include large format printing (Designjet and Scitex), large format supplies, WebPress supplies, Indigo printing, specialty printing systems and inkjet high-speed production solutions. Printer supplies include LaserJet toner and inkjet printer cartridges and other printing-related media.
- *HP Financial Services* supports and enhances HP's global product and services solutions, providing a broad range of value-added financial life cycle management services. HPFS enables HP's worldwide customers to acquire complete IT solutions, including hardware, software and

Note 19: Segment Information (Continued)

services. HPFS offers leasing, financing, utility programs, and asset recovery services, as well as financial asset management services, for large global and enterprise customers. HPFS also provides an array of specialized financial services to SMBs and educational and governmental entities. HPFS offers innovative, customized and flexible alternatives to balance unique customer cash flow, technology obsolescence and capacity needs.

- *Corporate Investments* includes HP Labs, network infrastructure products, mobile devices associated with the Palm acquisition, and certain business incubation projects. Revenue in this segment is attributable to the sale of certain network infrastructure products, which span from the data center to the edge of the network and are sold under the ProCurve, 3Com and TippingPoint brands. The segment also includes certain video collaboration products sold under the brand "Halo," and Palm smartphones, which are targeted at the consumer segment and include the Pixi and Pre models running on the WebOS operating system. This segment also derives revenue from licensing specific HP technology to third parties.

Segment Data

HP derives the results of the business segments directly from its internal management reporting system. The accounting policies HP uses to derive business segment results are substantially the same as those the consolidated company uses. Management measures the performance of each business segment based on several metrics, including earnings from operations. Management uses these results, in part, to evaluate the performance of, and to assign resources to, each of the business segments. HP does not allocate to its business segments certain operating expenses, which it manages separately at the corporate level. These unallocated costs include primarily restructuring charges and any associated adjustments related to restructuring actions, amortization of purchased intangible assets, stock-based compensation expense related to HP-granted employee stock options, PRUs, restricted stock awards and the employee stock purchase plan, certain acquisition-related charges and charges for purchased IPR&D, as well as certain corporate governance costs.

Selected operating results information for each business segment was as follows for the following fiscal years ended October 31:

	Total Net Revenue			Earnings (Loss) from Operations		
	2010	2009	2008	2010	2009	2008
	In millions					
Services[(1)]	$ 34,935	$ 34,693	$ 20,977	$ 5,609	$ 5,044	$ 2,518
Enterprise Storage and Servers	18,651	15,359	19,400	2,402	1,518	2,577
HP Software	3,586	3,572	4,220	759	684	499
HP Enterprise Business	57,172	53,624	44,597	8,770	7,246	5,594
Personal Systems Group	40,741	35,305	42,295	2,032	1,661	2,375
Imaging and Printing Group	25,764	24,011	29,614	4,412	4,310	4,559
HP Financial Services	3,047	2,673	2,698	281	206	192
Corporate Investments[(2)]	1,863	768	965	132	(56)	49
Segment total	$128,587	$116,381	$120,169	$15,627	$13,367	$12,769

(1) Includes the results of EDS, which was acquired on August 26, 2008, from the date of acquisition.

(2) Includes the results of 3Com and Palm acquisitions completed in April 2010 and July 2010, respectively.

Note 19: Segment Information (Continued)

The reconciliation of segment operating results information to HP consolidated totals was as follows for the following fiscal years ended October 31:

	2010	2009	2008
		In millions	
Net revenue:			
Segment total	$128,587	$116,381	$120,169
Elimination of intersegment net revenue and other	(2,554)	(1,829)	(1,805)
Total HP consolidated net revenue	$126,033	$114,552	$118,364
Earnings before taxes:			
Total segment earnings from operations	$ 15,627	$ 13,367	$ 12,769
Corporate and unallocated costs and eliminations	(614)	(219)	(461)
Unallocated costs related to certain stock-based compensation expense	(613)	(552)	(512)
Amortization of purchased intangible assets	(1,484)	(1,578)	(1,012)
Acquisition-related charges	(293)	(242)	(41)
Restructuring charges	(1,144)	(640)	(270)
Interest and other, net	(505)	(721)	—
Total HP consolidated earnings before taxes	$ 10,974	$ 9,415	$ 10,473

HP allocates its assets to its business segments based on the primary segments benefiting from the assets. The total assets allocated to Corporate Investments increased 870% in fiscal 2010 mostly due to the 3Com and Palm acquisitions. As described above, fiscal 2010 segment asset information is stated based on the fiscal 2010 organizational structure. Total assets by segment as well as for HP Enterprise Business and the reconciliation of segment assets to HP consolidated total assets were as follows at October 31:

	2010	2009	2008
		In millions	
Services	$ 44,218	$ 43,555	$ 42,507
Enterprise Storage and Servers	14,760	11,662	11,644
HP Software	10,653	8,936	8,919
HP Enterprise Business	$ 69,631	$ 64,153	$ 63,070
Personal Systems Group	15,832	14,825	16,436
Imaging and Printing Group	12,090	11,698	14,156
HP Financial Services	12,054	10,806	9,174
Corporate Investments	4,460	460	365
Corporate and unallocated assets	10,436	12,857	10,130
Total HP consolidated assets	$124,503	$114,799	$113,331

Note 19: Segment Information (Continued)

Major Customers

No single customer represented 10% or more of HP's total net revenue in any fiscal year presented.

Geographic Information

Net revenue, classified by the major geographic areas in which HP operates, was as follows for the following fiscal years ended October 31:

	2010	2009	2008
		In millions	
Net revenue:			
U.S.	$ 44,542	$ 41,314	$ 36,932
Non-U.S.	81,491	73,238	81,432
Total HP consolidated net revenue	$126,033	$114,552	$118,364

Net revenue by geographic area is based upon the sales location that predominately represents the customer location. For each of the years ended October 31, 2010, 2009 and 2008, other than the United States, no country represented more than 10% of HP's total consolidated net revenue. HP reports revenue net of sales taxes, use taxes and value-added taxes directly imposed by governmental authorities on HP's revenue producing transactions with its customers.

At October 31, 2010, the United States held 10% or more of HP's total consolidated net assets. At October 31, 2009 and 2008, Belgium and the United States comprised 10% or more of HP's total consolidated net assets.

No single country other than the United States had more than 10% of HP's total consolidated net property, plant and equipment in any period presented. HP's long-lived assets other than goodwill and purchased intangible assets are composed principally of net property, plant and equipment.

Net property, plant and equipment, classified by major geographic areas in which HP operates, was as follows for the following fiscal years ended October 31:

	2010	2009
	In millions	
Net property, plant and equipment:		
U.S.	$ 6,479	$ 6,316
Non-U.S.	5,284	4,946
Total HP consolidated net property, plant and equipment	$11,763	$11,262

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

Note 19: Segment Information (Continued)

Net revenue by segment and business unit

The following table provides net revenue by segment and business unit for the following fiscal years ended October 31:

	2010	2009[3]	2008[3]
		In millions	
Net revenue:			
Infrastructure technology outsourcing	$ 15,963	$ 15,554	$ 7,778
Technology services	9,681	9,719	10,007
Application services	6,123	6,194	2,411
Business process outsourcing	2,872	2,977	723
Other	296	249	58
Services[1]	34,935	34,693	20,977
Industry standard servers	12,574	9,296	11,657
Storage	3,785	3,473	4,205
Business critical systems	2,292	2,590	3,538
Enterprise Storage and Servers	18,651	15,359	19,400
Business technology optimization	2,440	2,385	2,792
Other software	1,146	1,187	1,428
HP Software	3,586	3,572	4,220
HP Enterprise Business	57,172	53,624	44,597
Notebooks	22,545	20,210	22,657
Desktops	15,478	12,864	16,643
Workstations	1,786	1,261	1,885
Handhelds	87	172	360
Other	845	798	750
Personal Systems Group	40,741	35,305	42,295
Supplies	17,249	16,532	18,472
Commercial hardware	5,569	4,778	7,422
Consumer hardware	2,946	2,701	3,720
Imaging and Printing Group	25,764	24,011	29,614
HP Financial Services	3,047	2,673	2,698
Corporate Investments[2]	1,863	768	965
Total segments	128,587	116,381	120,169
Eliminations of inter-segment net revenue and other	(2,554)	(1,829)	(1,805)
Total HP consolidated net revenue	$126,033	$114,552	$118,364

(1) Includes the results of EDS, which was acquired on August 26, 2008, from the date of acquisition.

(2) Includes the results of 3Com and Palm acquisitions completed in April 2010 and July 2010, respectively.

(3) Certain fiscal 2010 organizational reclassifications have been reflected retroactively to provide improved visibility and comparability. In fiscal 2009 and fiscal 2008, the reclassifications resulted in the transfer of revenue among the business units within the Services segment only. There was no impact on the previously reported segment financial results.

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Quarterly Summary
(Unaudited)
(In millions, except per share amounts)

	Three-month periods ended in fiscal 2010			
	January 31	April 30	July 31	October 31
Net revenue	$31,177	$30,849	$30,729	$33,278
Cost of sales[(1)]	24,062	23,601	23,402	25,024
Research and development	681	722	742	814
Selling, general and administrative	2,932	3,064	3,154	3,435
Amortization of purchased intangible assets	330	347	383	424
Restructuring charges	131	180	598	235
Acquisition-related charges	38	77	127	51
Total costs and expenses	28,174	27,991	28,406	29,983
Earnings from operations	3,003	2,858	2,323	3,295
Interest and other, net	(199)	(91)	(134)	(81)
Earnings before taxes	2,804	2,767	2,189	3,214
Provision for taxes	554	567	416	676
Net earnings	$ 2,250	$ 2,200	$ 1,773	$ 2,538
Net earnings per share:[(2)]				
Basic	$ 0.95	$ 0.94	$ 0.76	$ 1.13
Diluted	$ 0.93	$ 0.91	$ 0.75	$ 1.10
Cash dividends paid per share	$ 0.08	$ 0.08	$ 0.08	$ 0.08
Range of per share stock prices on the New York Stock Exchange				
Low	$ 46.80	$ 46.46	$ 41.94	$ 37.32
High	$ 52.95	$ 54.75	$ 52.95	$ 47.80

	Three-month periods ended in fiscal 2009			
	January 31	April 30	July 31	October 31
Net revenue	$28,807	$27,383	$27,585	$30,777
Cost of sales[(1)]	22,073	20,945	21,031	23,475
Research and development	732	716	667	704
Selling, general and administrative	2,893	2,880	2,874	2,966
Amortization of purchased intangible assets	418	380	379	401
Restructuring charges	146	94	362	38
Acquisition-related charges	48	75	59	60
Total costs and expenses	26,310	25,090	25,372	27,644
Earnings from operations	2,497	2,293	2,213	3,133
Interest and other, net	(232)	(180)	(177)	(132)
Earnings before taxes	2,265	2,113	2,036	3,001
Provision for taxes	409	392	365	589
Net earnings	$ 1,856	$ 1,721	$ 1,671	$ 2,412
Net earnings per share:[(2)]				
Basic	$ 0.77	$ 0.72	$ 0.70	$ 1.02
Diluted	$ 0.75	$ 0.71	$ 0.69	$ 0.99
Cash dividends paid per share	$ 0.08	$ 0.08	$ 0.08	$ 0.08
Range of per share stock prices on the New York Stock Exchange				
Low	$ 28.23	$ 25.39	$ 33.40	$ 42.14
High	$ 39.53	$ 37.40	$ 43.55	$ 49.20

(1) Cost of products, cost of services and financing interest.

(2) EPS for each quarter is computed using the weighted-average number of shares outstanding during that quarter, while EPS for the fiscal year is computed using the weighted-average number of shares outstanding during the year. Thus, the sum of the EPS for each of the four quarters may not equal the EPS for the fiscal year.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

ITEM 9A. Controls and Procedures.

Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to HP, including our consolidated subsidiaries, required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to HP's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any change in our internal control over financial reporting during that quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

See Management's Report on Internal Control over Financial Reporting in Item 8, which is incorporated herein by reference.

ITEM 9B. Other Information.

The disclosure below is included in this report in lieu of filing a Current Report on Form 8-K to report events that have occurred within four business days prior to the filing of this report.

On December 15, 2010, HP entered into a Letter Agreement (the "Agreement") with Catherine A. Lesjak, HP's Executive Vice President and Chief Financial Officer. The following is a summary of the principal terms of the Agreement:

- The term of the Agreement is three years, during which time Ms. Lesjak will continue to serve as HP's Executive Vice President and Chief Financial Officer.
- During the term of the Agreement, Ms. Lesjak's annual base salary and target annual incentive will be maintained at their current levels, and the long-term incentive awards that she has been granted to date will not be reduced, provided that the Board of Directors may grant future increases, and provided further that each may be reduced if, respectively, the base salaries, target annual incentives, and/or long-term incentive awards are reduced for substantially all other Executive Vice Presidents in a substantially similar manner.
- In the event of a "qualifying termination" (as defined in the Agreement) of her employment with HP during the term of the Agreement, Ms. Lesjak will receive (i) a cash severance benefit under the Hewlett-Packard Company Severance Plan for Executive Officers calculated by multiplying by two the sum of (A) her annual base salary as in effect immediately before termination of employment and (B) average annualized cash bonus under the Hewlett-Packard

Company 2005 Pay for Results Plan (the "PfR Plan") for the two full fiscal years' prior to termination of employment, (ii) a pro-rata annual cash bonus under the PfR Plan for the fiscal year in which her termination occurs, (iii) payout on any performance-based restricted stock unit awards based on actual performance as if she had remained employed during the entire performance period, and (iv) the release of all restrictions and accelerated vesting of other equity awards.

- In the event of a "qualifying termination" (as defined in the Agreement) of her employment with HP during the term of the Agreement and within 12 months after a "change in control" of HP (as defined in the Hewlett-Packard Company Amended and Restated 2004 Stock Incentive Plan), Ms Lesjak will receive the same benefits described in the preceding paragraph except that (i) the pro-rata annual cash bonus under the PfR Plan for the fiscal year in which her termination occurs will be determined assuming continued accruals with respect to such bonus at the rate in effect immediately prior to the change in control, and (ii) the payout on her performance-based restricted stock unit awards will be determined assuming target performance on all metrics for all uncompleted periods.

The foregoing summary of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement, which is filed hereto as Exhibit 10(l)(l)(l) and is incorporated herein by reference.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The names of the executive officers of HP and their ages, titles and biographies as of the date hereof are incorporated by reference from Part I, Item 1, above.

The following information is included in HP's Proxy Statement related to its 2011 Annual Meeting of Stockholders to be filed within 120 days after HP's fiscal year end of October 31, 2010 (the "Proxy Statement") and is incorporated herein by reference:

- Information regarding directors of HP who are standing for reelection and any persons nominated to become directors of HP is set forth under "Election of Directors."
- Information regarding HP's Audit Committee and designated "audit committee financial experts" is set forth under "Board Structure and Committee Composition—Audit Committee."
- Information on HP's code of business conduct and ethics for directors, officers and employees, also known as the "Standards of Business Conduct," and on HP's Corporate Governance Guidelines is set forth under "Corporate Governance Principles and Board Matters."
- Information regarding Section 16(a) beneficial ownership reporting compliance is set forth under "Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. Executive Compensation.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding HP's compensation of its named executive officers is set forth under "Executive Compensation."
- Information regarding HP's compensation of its directors is set forth under "Director Compensation and Stock Ownership Guidelines."
- The report of HP's HR and Compensation Committee is set forth under "HR and Compensation Committee Report on Executive Compensation."

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding security ownership of certain beneficial owners, directors and executive officers is set forth under "Common Stock Ownership of Certain Beneficial Owners and Management."
- Information regarding HP's equity compensation plans, including both stockholder approved plans and non-stockholder approved plans, is set forth in the section entitled "Equity Compensation Plan Information."

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The following information is included in the Proxy Statement and is incorporated herein by reference:

- Information regarding transactions with related persons is set forth under "Transactions with Related Persons."

- Information regarding director independence is set forth under "Corporate Governance Principles and Board Matters—Director Independence."

ITEM 14. Principal Accountant Fees and Services.

Information regarding principal auditor fees and services is set forth under "Principal Accountant Fees and Services" in the Proxy Statement, which information is incorporated herein by reference.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. All Financial Statements:

The following financial statements are filed as part of this report under Item 8—"Financial Statements and Supplementary Data."

2. Financial Statement Schedules:

Schedule II—Valuation and Qualifying Accounts for the three fiscal years ended October 31, 2010.

All other schedules are omitted as the required information is inapplicable or the information is presented in the Consolidated Financial Statements and notes thereto in Item 8 above.

3. Exhibits:

A list of exhibits filed or furnished with this report on Form 10-K (or incorporated by reference to exhibits previously filed or furnished by HP) is provided in the accompanying Exhibit Index. HP will furnish copies of exhibits for a reasonable fee (covering the expense of furnishing copies) upon request. Stockholders may request exhibits copies by contacting:

Hewlett-Packard Company
Attn: Investor Relations
3000 Hanover Street
Palo Alto, CA 94304
(866) GET-HPQ1 or (866) 438-4771

Schedule II

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
Valuation and Qualifying Accounts

	For the fiscal years ended October 31		
	2010	2009	2008
		In millions	
Allowance for doubtful accounts—accounts receivable:			
Balance, beginning of period	$ 629	$ 553	$ 226
Increase in allowance from acquisitions	7	—	245
Addition of bad debt provision	80	282	226
Deductions, net of recoveries	(191)	(206)	(144)
Balance, end of period	$ 525	$ 629	$ 553
Allowance for doubtful accounts—financing receivables:			
Balance, beginning of period	$ 108	$ 90	$ 84
Additions to allowance	76	63	49
Deductions, net of recoveries	(44)	(45)	(43)
Balance, end of period	$ 140	$ 108	$ 90

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 15, 2010

HEWLETT-PACKARD COMPANY

By: /s/ CATHERINE A. LESJAK

Catherine A. Lesjak
Executive Vice President and
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Catherine A. Lesjak, Michael J. Holston and Paul T. Porrini, or any of them, his or her attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title(s)	Date
/s/ LÉO APOTHEKER Léo Apotheker	President, Chief Executive Officer and Director (Principal Executive Officer)	December 15, 2010
/s/ CATHERINE A. LESJAK Catherine A. Lesjak	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	December 15, 2010
/s/ JAMES T. MURRIN James T. Murrin	Senior Vice President and Controller (Principal Accounting Officer)	December 15, 2010
/s/ MARC L. ANDREESSEN Marc L. Andreessen	Director	December 15, 2010
/s/ LAWRENCE T. BABBIO, JR. Lawrence T. Babbio, Jr.	Director	December 15, 2010
/s/ SARI M. BALDAUF Sari M. Baldauf	Director	December 15, 2010

Signature	Title(s)	Date
/s/ RAJIV L. GUPTA Rajiv L. Gupta	Director	December 15, 2010
/s/ JOHN H. HAMMERGREN John H. Hammergren	Director	December 15, 2010
/s/ JOEL Z. HYATT Joel Z. Hyatt	Director	December 15, 2010
/s/ JOHN R. JOYCE John R. Joyce	Director	December 15, 2010
/s/ RAYMOND J. LANE Raymond J. Lane	Director	December 15, 2010
/s/ ROBERT L. RYAN Robert L. Ryan	Director	December 15, 2010
/s/ LUCILLE S. SALHANY Lucille S. Salhany	Director	December 15, 2010
/s/ G. KENNEDY THOMPSON G. Kennedy Thompson	Director	December 15, 2010

HEWLETT-PACKARD COMPANY AND SUBSIDIARIES
EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
3(a)	Registrant's Certificate of Incorporation.	10-Q	001-04423	3(a)	June 12, 1998
3(b)	Registrant's Amendment to the Certificate of Incorporation.	10-Q	001-04423	3(b)	March 16, 2001
3(c)	Registrant's Amended and Restated By-Laws effective November 1, 2010.‡				
4(a)	Form of Senior Indenture.	S-3	333-30786	4.1	March 17, 2000
4(b)	Form of Registrant's Fixed Rate Note and Floating Rate Note and related Officers' Certificate.	8-K	001-04423	4.1, 4.2 and 4.4	May 24, 2001
4(c)	Form of Registrant's 6.50% Global Note due July 1, 2012, and form of related Officers' Certificate.	8-K	001-04423	4.2 and 4.3	June 27, 2002
4(d)	Form of Registrant's Fixed Rate Note and form of Floating Rate Note.	8-K	001-04423	4.1 and 4.2	December 11, 2002
4(e)	Indenture, dated as of June 1, 2000, between the Registrant and J.P. Morgan Trust Company, National Association (formerly Chase Manhattan Bank), as Trustee.	S-3	333-134327	4.9	June 7, 2006
4(f)	Form of Registrant's Floating Rate Global Note due March 1, 2012, form of 5.25% Global Note due March 1, 2012 and form of 5.40% Global Note due March 1, 2017.	8-K	001-04423	4.1, 4.2 and 4.3	February 28, 2007
4(g)	Form of Registrant's Floating Rate Global Note due September 3, 2009, 4.50% Global Note due March 1, 2013 and 5.50% Global Note due March 1, 2018.	8-K	001-04423	4.1, 4.2 and 4.3	February 29, 2008
4(h)	Form of Registrant's 6.125% Global Note due March 1, 2014 and form of related Officers' Certificate.	8-K	001-04423	4.1 and 4.2	December 8, 2008
4(i)	Form of Registrant's Floating Rate Global Note due February 24, 2011, 4.250% Global Note due February 24, 2012 and 4.750% Global Note due June 2, 2014 and form of related Officers' Certificate.	8-K	001-04423	4.1, 4.2, 4.3 and 4.4	February 27, 2009
4(j)	Form of Registrant's Floating Rate Global Note due May 27, 2011, 2.25% Global Note due May 27, 2011 and 2.95% Global Note due August 15, 2012 and form of related Officers' Certificate.	8-K	001-04423	4.1, 4.2, 4.3 and 4.4	May 28, 2009
4(k)	Form of Registrant's Floating Rate Global Note due September 13, 2012, Form of 1.250% Global Note due September 13, 2013, and Form of 2.125% Global Note due September 13, 2015 and related Officers' Certificate.	8-K	001-04423	4.1, 4.2, 4.3 and 4.4	September 13, 2010
4(l)	Speciman certificate for the Registrant's common stock.	8-A/A	001-04423	4.1	June 23, 2006
9	None.				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(a)	Registrant's 2004 Stock Incentive Plan.*	S-8	333-114253	4.1	April 7, 2004
10(b)	Registrant's 2000 Stock Plan, amended and restated effective September 17, 2008.*	10-K	001-04423	10(b)	December 18, 2008
10(c)	Registrant's 1997 Director Stock Plan, amended and restated effective November 1, 2005.*	8-K	001-04423	99.4	November 23, 2005
10(d)	Registrant's 1995 Incentive Stock Plan, amended and restated effective May 1, 2007.*	10-Q	001-04423	10(d)	June 8, 2007
10(e)	Registrant's 1990 Incentive Stock Plan, amended and restated effective May 1, 2007.*	10-Q	001-04423	10(e)	June 8, 2007
10(f)	Compaq Computer Corporation 2001 Stock Option Plan, amended and restated effective November 21, 2002.*	10-K	001-04423	10(f)	January 21, 2003
10(g)	Compaq Computer Corporation 1998 Stock Option Plan, amended and restated effective November 21, 2002.*	10-K	001-04423	10(g)	January 21, 2003
10(h)	Compaq Computer Corporation 1995 Equity Incentive Plan, amended and restated effective November 21, 2002.*	10-K	001-04423	10(h)	January 21, 2003
10(i)	Compaq Computer Corporation 1989 Equity Incentive Plan, amended and restated effective November 21, 2002.*	10-K	001-04423	10(i)	January 21, 2003
10(j)	Compaq Computer Corporation 1985 Nonqualified Stock Option Plan for Non-Employee Directors.*	S-3	333-86378	10.5	April 18, 2002
10(k)	Amendment of Compaq Computer Corporation Non-Qualified Stock Option Plan for Non-Employee Directors, effective September 3, 2001.*	S-3	333-86378	10.11	April 18, 2002
10(l)	Compaq Computer Corporation 1998 Former Nonemployee Replacement Option Plan.*	S-3	333-86378	10.9	April 18, 2002
10(m)	Registrant's Excess Benefit Retirement Plan, amended and restated as of January 1, 2006.*	8-K	001-04423	10.2	September 21, 2006
10(n)	Hewlett-Packard Company Cash Account Restoration Plan, amended and restated as of January 1, 2005.*	8-K	001-04423	99.3	November 23, 2005
10(o)	Registrant's 2005 Pay-for-Results Plan.*	8-K	001-04423	99.5	November 23, 2005
10(p)	Registrant's 2005 Executive Deferred Compensation Plan, as amended and restated effective October 1, 2006.*	8-K	001-04423	10.1	September 21, 2006
10(q)	First Amendment to the Registrant's 2005 Executive Deferred Compensation Plan, as amended and restated effective October 1, 2006.*	10-Q	001-04423	10(q)	June 8, 2007
10(r)	Employment Agreement, dated June 9, 2005, between Registrant and R. Todd Bradley.*	10-Q	001-04423	10(x)	September 8, 2005

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(s)	Employment Agreement, dated July 11, 2005, between Registrant and Randall D. Mott.*	10-Q	001-04423	10(y)	September 8, 2005
10(t)	Registrant's Amended and Restated Severance Plan for Executive Officers.*	8-K	001-04423	99.1	July 27, 2005
10(u)	Form letter to participants in the Registrant's Pay-for-Results Plan for fiscal year 2006.*	10-Q	001-04423	10(w)	March 10, 2006
10(v)	Registrant's Executive Severance Agreement.*	10-Q	001-04423	10(u)(u)	June 13, 2002
10(w)	Registrant's Executive Officers Severance Agreement.*	10-Q	001-04423	10(v)(v)	June 13, 2002
10(x)	Form letter regarding severance offset for restricted stock and restricted units.*	8-K	001-04423	10.2	March 22, 2005
10(y)	Form of Indemnity Agreement between Compaq Computer Corporation and its executive officers.*	10-Q	001-04423	10(x)(x)	June 13, 2002
10(z)	Form of Stock Option Agreement for Registrant's 2004 Stock Incentive Plan, Registrant's 2000 Stock Plan, as amended, Registrant's 1995 Incentive Stock Plan, as amended, the Compaq Computer Corporation 2001 Stock Option Plan, as amended, the Compaq Computer Corporation 1998 Stock Option Plan, as amended, the Compaq Computer Corporation 1995 Equity Incentive Plan, as amended and the Compaq Computer Corporation 1989 Equity Incentive Plan, as amended.*	10-Q	001-04423	10(a)(a)	June 8, 2007
10(a)(a)	Form of Restricted Stock Agreement for Registrant's 2004 Stock Incentive Plan, Registrant's 2000 Stock Plan, as amended, and Registrant's 1995 Incentive Stock Plan, as amended.*	10-Q	001-04423	10(b)(b)	June 8, 2007
10(b)(b)	Form of Restricted Stock Unit Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(c)(c)	June 8, 2007
10(c)(c)	Form of Stock Option Agreement for Registrant's 1990 Incentive Stock Plan, as amended.*	10-K	001-04423	10(e)	January 27, 2000
10(d)(d)	Form of Common Stock Payment Agreement and Option Agreement for Registrant's 1997 Director Stock Plan, as amended.*	10-Q	001-04423	10(j)(j)	March 11, 2005
10(e)(e)	Form of Restricted Stock Grant Notice for the Compaq Computer Corporation 1989 Equity Incentive Plan.*	10-Q	001-04423	10(w)(w)	June 13, 2002
10(f)(f)	Forms of Stock Option Notice for the Compaq Computer Corporation Non-Qualified Stock Option Plan for Non-Employee Directors, as amended.*	10-K	001-04423	10(r)(r)	January 14, 2005

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
10(g)(g)	Form of Long-Term Performance Cash Award Agreement for Registrant's 2004 Stock Incentive Plan and Registrant's 2000 Stock Plan, as amended.*	10-K	001-04423	10(t)(t)	January 14, 2005
10(h)(h)	Amendment One to the Long-Term Performance Cash Award Agreement for the 2004 Program.*	10-Q	001-04423	10(q)(q)	September 8, 2005
10(i)(i)	Form of Long-Term Performance Cash Award Agreement for the 2005 Program.*	10-Q	001-04423	10(r)(r)	September 8, 2005
10(j)(j)	Form of Long-Term Performance Cash Award Agreement.*	10-Q	001-04423	10(o)(o)	March 10, 2006
10(k)(k)	Second Amendment to the Registrant's 2005 Executive Deferred Compensation Plan, as amended and restated effective October 1, 2006.*	10-K	001-04423	10(l)(l)	December 18, 2007
10(l)(l)	Form of Stock Notification and Award Agreement for awards of performance-based restricted units.*	8-K	001-04423	10.1	January 24, 2008
10(m)(m)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California).*	8-K	001-04423	10.2	January 24, 2008
10(n)(n)	Form of Agreement Regarding Confidential Information and Proprietary Developments (Texas).*	10-Q	001-04423	10(o)(o)	March 10, 2008
10(o)(o)	Form of Restricted Stock Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(p)(p)	March 10, 2008
10(p)(p)	Form of Restricted Stock Unit Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(q)(q)	March 10, 2008
10(q)(q)	Form of Stock Option Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(r)(r)	March 10, 2008
10(r)(r)	Form of Special Performance-Based Cash Incentive Notification Letter.*	8-K	001-04423	10.1	May 20, 2008
10(s)(s)	Form of Option Agreement for Registrant's 2000 Stock Plan.*	10-Q	001-04423	10(t)(t)	June 6, 2008
10(t)(t)	Form of Common Stock Payment Agreement for Registrant's 2000 Stock Plan.*	10-Q	001-04423	10(u)(u)	June 6, 2008
10(u)(u)	Third Amendment to the Registrant's 2005 Executive Deferred Compensation Plan, as amended and restated effective October 1, 2006.*	10-K	001-04423	10(v)(v)	December 18, 2008
10(v)(v)	Form of Stock Notification and Award Agreement for awards of restricted stock units.*	10-K	001-04423	10(w)(w)	December 18, 2008
10(w)(w)	Form of Stock Notification and Award Agreement for awards of performance-based restricted units.*	10-K	001-04423	10(x)(x)	December 18, 2008
10(x)(x)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*	10-K	001-04423	10(y)(y)	December 18, 2008

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit(s)	Filing Date
10(y)(y)	Form of Stock Notification and Award Agreement for awards of restricted stock.*	10-K	001-04423	10(z)(z)	December 18, 2008
10(z)(z)	Form of Restricted Stock Unit Agreement for Registrant's 2004 Stock Incentive Plan.*	10-Q	001-04423	10(a)(a)(a)	March 10, 2009
10(a)(a)(a)	First Amendment to the Hewlett-Packard Company Excess Benefit Retirement Plan.*	10-Q	001-04423	10(b)(b)(b)	March 10, 2009
10(b)(b)(b)	Fourth Amendment to the Registrant's 2005 Executive Deferred Compensation Plan, as amended and restated effective October 1, 2006.*	10-Q	001-04423	10(c)(c)(c)	June 5, 2009
10(c)(c)(c)	Fifth Amendment to the Registrant's 2005 Executive Deferred Compensation Plan, as amended and restated effective October 1, 2006.*	10-Q	001-04423	10(d)(d)(d)	September 4, 2009
10(d)(d)(d)	Amended and Restated Hewlett-Packard Company 2004 Stock Incentive Plan.*	8-K	001-04423	10.2	March 23, 2010
10(e)(e)(e)	Employment Agreement, dated September 29, 2010, between the Registrant and Léo Apotheker.*	8-K	001-04423	10.1	October 1, 2010
10(f)(f)(f)	Form of Stock Notification and Award Agreement for awards of restricted stock units.*‡				
10(g)(g)(g)	Form of Stock Notification and Award Agreement for awards of performance-based restricted units.*‡				
10(h)(h)(h)	Form of Stock Notification and Award Agreement for awards of restricted stock.*‡				
10(i)(i)(i)	Form of Stock Notification and Award Agreement for awards of non-qualified stock options.*‡				
10(j)(j)(j)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—new hires).*‡				
10(k)(k)(k)	Form of Agreement Regarding Confidential Information and Proprietary Developments (California—current employees).*‡				
10(l)(l)(l)	Letter Agreement, dated December 15, 2010, between the Registrant and Catherine A. Lesjak.*‡				
11	None.				
12	Statement of Computation of Ratio of Earnings to Fixed Charges.‡				
13-14	None.				
16	None.				
18	None.				
21	Subsidiaries of the Registrant as of October 31, 2010.‡				

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit(s)	Filing Date
22	None.				
23	Consent of Independent Registered Public Accounting Firm.‡				
24	Power of Attorney (included on the signature page)				
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.‡				
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.‡				
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.†				
33-35	None.				
101.INS	XBRL Instance Document.§				
101.SCH	XBRL Taxonomy Extension Schema Document.§				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.§				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.§				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.§				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.§				

* Indicates management contract or compensatory plan, contract or arrangement.

‡ Filed herewith.

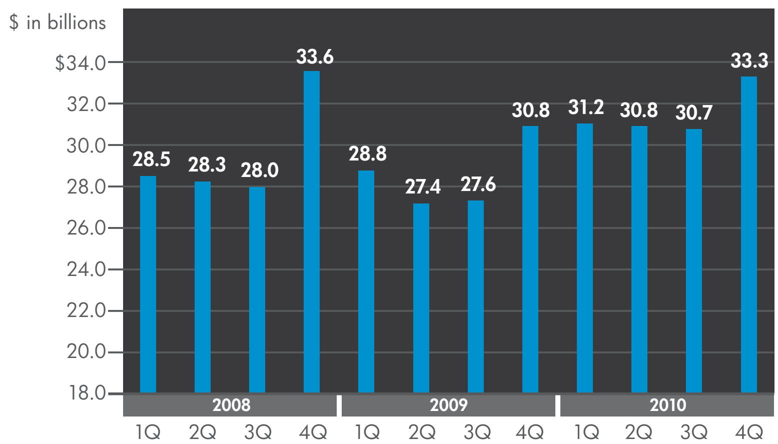
† Furnished herewith.

§ Furnished herewith. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

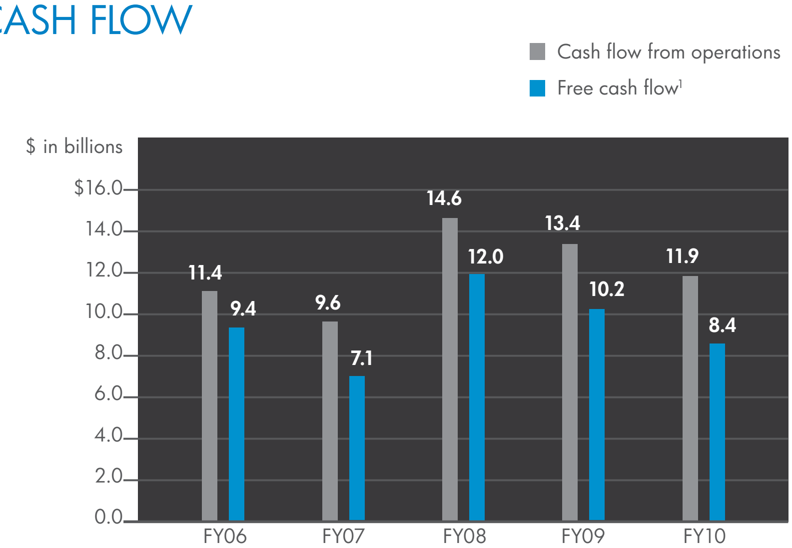
The registrant agrees to furnish to the Commission supplementally upon request a copy of (1) any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10 percent of the total assets of the registrant and its subsidiaries on a consolidated basis and (2) any omitted schedules to any material plan of acquisition, disposition or reorganization set forth above.

FINANCIAL HIGHLIGHTS

REVENUE

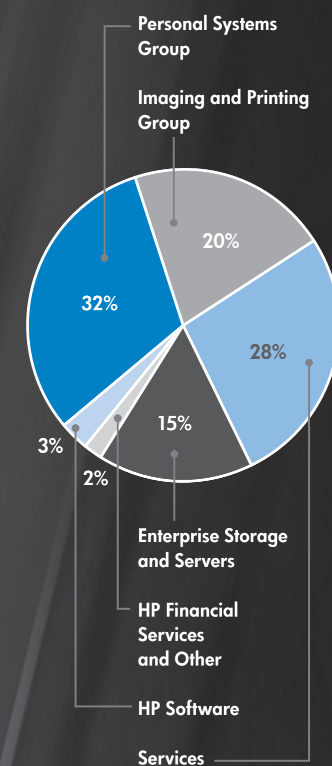


CASH FLOW

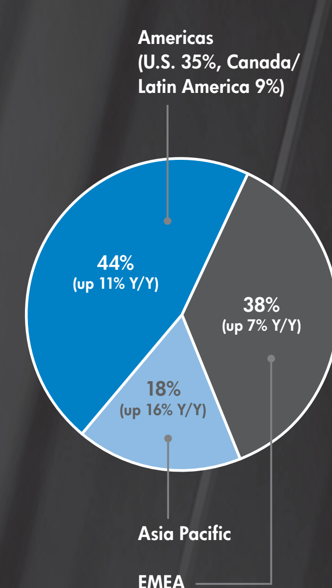


[1] Free cash flow equals cash flow from operations less net capital expenditures.

FY10 REVENUE BY SEGMENT



FY10 REVENUE BY REGION



www.hp.com

For the cover of this annual report, HP saved the following resources by using 6,720 pounds of Reincarnation Matte (FSC), made with 100% recycled fiber and 60% post-consumer waste, processed chlorine free, designated Ancient Forest Friendly™, and manufactured with electricity that is offset with Green-e® certified renewable energy certificates: 43 fully grown trees, 19,903 gallons of water, 14 million BTUs of energy, 1,208 pounds of solid waste, and 4,133 pounds of greenhouse gases. Calculations based on research by Environmental Defense Fund and other members of the Paper Task Force. www.newleafpaper.com

4AA3-2579ENW, Created January 2011

EXHIBIT I

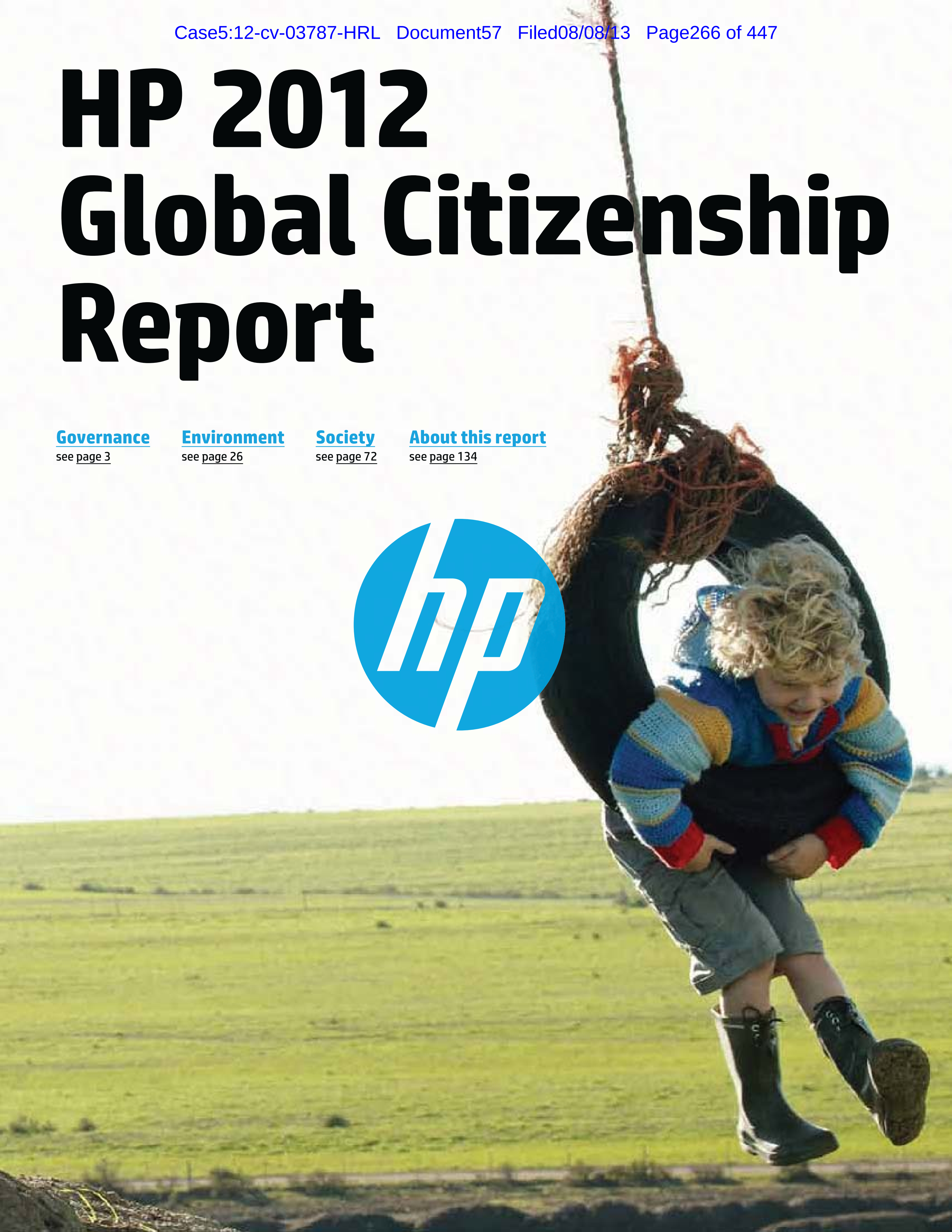
HP 2012 Global Citizenship Report

Governance
see page 3

Environment
see page 26

Society
see page 72

About this report
see page 134



Contents

Indicates Ernst & Young has reviewed this indicator/value. See Report of Independent Accountant on page 137 for details of the work performed and values assured.

Contents

Governance

Employees, customers, and other key stakeholders increasingly look to HP for leadership in helping to address many of the world's major environmental and social challenges. We believe that profitable and responsible operations make a positive impact on communities worldwide.

Contents

Welcome to the HP 2012 Global Citizenship Report.

Our founders, Bill and Dave, first put Global Citizenship on the list of HP's corporate objectives in 1957. And we still know today that being a good corporate citizen is integral to our innovation and performance. It is central to our corporate purpose of advancing the way people live and work.

The world is facing many challenges: climate change and rising energy costs, the need for economic development and social equality, and increasing information security and privacy concerns—just to name a few.

HP is leading the way with a strong commitment to providing solutions for our customers that address business issues in ways that can also positively impact society and the planet.

We've made great progress in 2012.

We launched the first commercialized product from our Project Moonshot, which will truly revolutionize the data center with an entirely new category of server. We expect it to consume up to 89% less energy and 80% less space at 77% less cost, and I am confident it will be an extreme improvement over anything else on the market.

We also launched new responsible supplier guidelines for student and dispatch workers in China. This is an industry-first initiative that protects high-risk workers and promotes responsible labor practices. This initiative is part of HP's larger commitment to ensuring that our suppliers meet high ethical standards and treat our extended workforce with dignity and respect, reducing turnover and supporting product quality.

This past year, we also published our complete carbon footprint, a measure of our environmental impact as a corporation. This includes the footprint of our extended supply chain, our own operations, and the footprint of our products and services in use. This is another first in the IT industry.

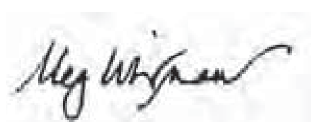
The saying goes that you can't manage what you can't measure, and we can now measure our complete carbon footprint. This insight allows us to commit to new goals like reducing the carbon dioxide emissions of our operations by another 20% by 2020. Achieving this goal will help lower HP's operating costs and energy-price risk, providing business benefits as well as environmental benefits.

In our Global Citizenship Report, you'll learn about these examples and many others. In addition, to promote higher standards across the areas of human rights, labor, environment, and anticorruption, we endorse the United Nations Global Compact as a practical framework for the development, implementation, and disclosure of sustainability policies and practices.

The contributions we make to benefit people, communities, and the planet also create value for HP, our employees, our customers, and our shareholders.

It's not just good values, it's good business—and that means a path to sustainable growth.

Sincerely,



Meg

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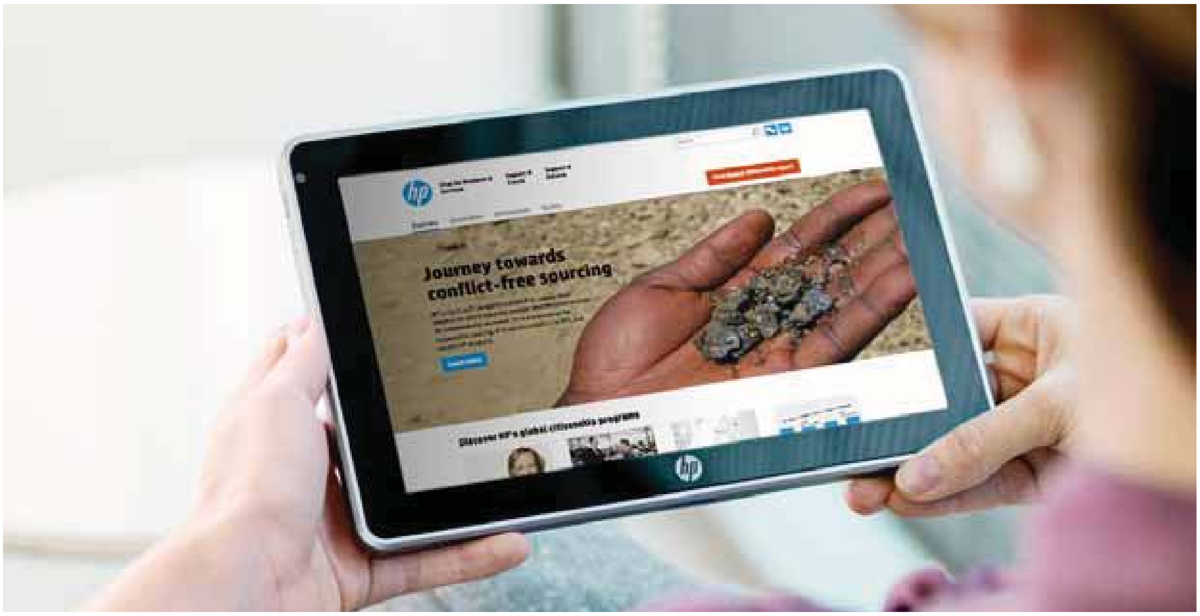

Executive summary

HP has long been a leader in global citizenship—it has been one of our seven corporate objectives since 1957. We fully embrace our social and environmental responsibilities, and we are committed to conducting our business in ways that positively impact society and the planet. Our global citizenship agenda covers a broad spectrum, including governance, environment, and society.

Below are our most significant achievements towards this vision in 2012.

Governance

Global citizenship strategy

HP demonstrates clear leadership and governance to achieve consistently strong global citizenship performance. This effort begins at the top and depends on active participation and support throughout HP.

- Conducted a formal materiality assessment to review and update our understanding of HP's global citizenship issues
- Launched the External Global Citizenship Council to provide external input and guidance
- Scored 92 out of 100 for disclosure in 2012 Carbon Disclosure Project Leadership Index
- Included in the 2012 Dow Jones Sustainability Index (DJSI) World Index and North America Index
- Included in four FTSE4Good indexes for the tenth consecutive year

Corporate ethics

HP emphasizes ethics in everything we do, making employees aware that we are accountable for our actions, responsible for the consequences, and proud of our efforts.

- Scored 99% in the 2012 DJSI category of Codes of Conduct/Compliance/Anticorruption & Bribery
- 99% of HP employees completed the ethics and compliance annual training session
- 25,000 employees viewed the Integrity Matters videos on handling ethical issues

Public policy

HP advocates with transparency and integrity to promote laws and regulations that encourage economic growth and innovation in a socially and environmentally responsible manner.

- Promoted public policy priorities, including working with governments around the world on technology, tax, trade, intellectual property, and social and environmental policies

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Environment

Environmental sustainability

HP continues to improve the efficiency of our products, supply chain, and operations.

- Published our complete carbon footprint, making HP among the first companies globally to disclose this level of information (released in early 2013)
- 100% of HP Everyday Office Papers are FSC®-certified in the Americas (as of early 2013)
- Held a top spot in the *Newsweek* Green Rankings for the third consecutive year

Products and solutions

HP works to reduce the environmental footprint of products and solutions across our portfolio—from single-user personal computing devices and printers to enterprise servers, storage equipment, and data centers.

- The HP Moonshot system uses up to 89% less energy compared to traditional servers[1]
- HP's Energy-Star qualified, latest OfficeJet range of printers use up to 50% less energy than the majority of comparably priced laser printers[2]
- Most HP PCs, printers, and servers are more than 90% recyclable by weight[3]

Product return and recycling

HP provides broad geographical coverage of take-back programs and ensures an environmentally responsible option for processing HP products at the end of their life.

- Reached 2.5 billion pounds of electronic products and supplies recycled since 1987
- Increased the number of U.S. take-back locations for HP print cartridges to more than 7,000 through partnerships with Walmart, OfficeMax, and Staples – and Office Depot in early 2013
- Established a new recycling facility to process used HP ink cartridges in São Paulo, Brazil

HP operations

HP continues to increase efficiency in our operations, reducing energy use and greenhouse gas (GHG) emissions and improving our landfill diversion rate.

- Established a goal to reduce total GHG emissions from our operations (Scope 1 and 2) by 20% by 2020, compared to 2010
- Reduced total GHG emissions from our operations by 8% from our 2010 baseline
- Achieved an 88.1% landfill diversion rate

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[1] According to internal HP engineering that compares HP Moonshot servers with traditional x86 server technology.

[2] Majority of color laser printers <$800 USD and color laser MFPs <$1,000 as of August 2012. Energy use based on HP and HP commissioned third-party testing. Actual cost and energy usage may vary. For details, see www.hp.com/go/officejet. HP OfficeJet Pro 8600 e-All-in-One series compared with majority of color laser AiOs <$600 and HP OfficeJet Pro 8100 ePrinter compared with majority of color laser printers <$300, March 2011. HP OfficeJet Pro X Series compared with majority of color laser printers <$800 and color laser MFPs <$1,000, August 2012.

[3] Calculated using HP's Recyclability Assessment Tool.

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Society

Human rights

HP maintains a centralized human rights program in our Ethics and Compliance Office to identify and manage our own impacts in this area and provide leadership in multi-stakeholder forums promoting respect for human rights in business.

- Developed a human rights risk assessment process tailored to our operations and potential human rights risks
- Continued external advocacy and leadership through the Global Business Initiative on Human Rights and BSR

Supply chain responsibility

HP advances efforts to significantly improve social and environmental responsibility (SER) standards throughout the IT supply chain

- Developed new supplier guidance on appropriate use of student and dispatch workers (released in early 2013)
- Conducted first independent management system assessments of HP supplier facilities
- Rated #2 in the Enough Project's survey "Taking Conflict Out of Consumer Gadgets: Company Rankings on Conflict Minerals 2012"
- First IT company to publish its supply chain smelter list (released in early 2013)
- First IT company to publish its supply chain water footprint (released in early 2013)

Privacy

HP works to protect customers' privacy and personal information through employee training and external engagement.

- More than 99% of permanent employees completed privacy training
- Led a consortium that was awarded European Community funding for research on accountability models for cloud services
- Served as a Trusted Advisor to the European Commission and data protection regulators to influence the development of new privacy legislation
- Our Privacy Office handled more than 70,000 inquiries

HP people

HP hires, develops, and retains the employees we believe will make our business continue to thrive, offering supportive, motivating workplaces where everyone can flourish.

- Engaged 10,000 employees in leadership training
- Increased participation in our mentoring programs by 40%
- 40,000 employees in 80 countries participated in global wellness exercise challenges
- Delivered more than 200 events for employees on diversity topics through our Employee Resource Groups

Social innovation

HP continues to expand our contribution to finding solutions to environmental and social issues by uniting the power of people and technology.

- Reached more than 2 million entrepreneurs since 2007, helping to establish and expand more than 25,000 businesses and create over 57,000 jobs through HP LIFE
- Tested more than 200,000 infants in Kenya and Uganda for HIV/AIDS through the HP Early Infant Diagnosis (EID) project
- HP employees donated more than 1.4 million hours to volunteer projects
- $118.6 million USD in social investments made through cash, products, and services[4]

[4] Social investments include all grants made to nonprofit organizations from the HP Company and the Hewlett-Packard Company Foundation, plus the valuation of employee volunteer hours. Data exclude contributions to the Hewlett-Packard Company Foundation and employee donations but include HP's matching contributions and contributions from the Hewlett-Packard Company Foundation to other organizations.

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HP profile

HP delivers innovation in printing, personal computing, software, services, and IT infrastructure. We offer the industry's broadest portfolio, most expansive scope, and deepest industry expertise to deliver value and improved outcomes for customers in almost every country in the world. HP is at the forefront of technological innovations that advance the way we live and work, enabling us to play a vital role in creating sustainable growth.

Key capabilities

HP applies core competencies in solutions, services, software, and infrastructure to address the IT challenges our customers face.

Solutions	Customer-centric solutions that make it work
Services	Industry and technology services solving key customer problems
Software	Leading software provides confidence, insight, and agility
Infrastructure	World's largest provider of technology hardware infrastructure

Build the core

HP infrastructure HP's hardware franchises, market-leading server, storage, and networking business, and PC, imaging, and printing groups account for about 65% of our revenue. Everything we do either amplifies or builds on this unique strength.

Expand the core

Software HP provides leading software to expand, improve, and manage the core. Our software differentiates our hardware to improve its performance and help solve customer problems. We also make software to manage heterogeneous infrastructure environments and—via Autonomy technology—address customers' information management challenges.

Add value to the core

Services HP services envelop our core infrastructure and software to enable customers to get increased value from HP. Through broad offerings such as outsourcing, application, consulting, and technology services, we work to ensure that our technology meets customer needs. We build relationships that can last for decades.

Make it work

Solutions Our solutions add value by combining our technologies to advance customers' business objectives in a holistic and compelling way. We have packaged our capabilities into five key solution areas: converged infrastructure, application transformation, enterprise security, information optimization, and hybrid delivery.

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HP strives to define markets and lead in innovation, with a strategic focus on assisting customers with cloud technologies, information optimization, and security. We increased research and development spending again in 2012, to $3.4 billion USD, and expect to continue to bring the very best innovations to market.

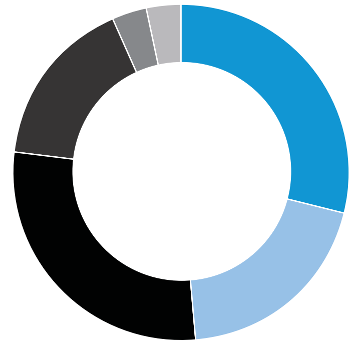
Shared values

HP's shared values and company-wide objectives include a long-standing commitment to global citizenship. Broader than any single organization or program, global citizenship at HP determines how we capitalize on our technologies and expertise to help address the world's major social and environmental challenges and accelerate positive change.

HP corporate summary

- # 10 on Fortune 500 US
- # 31 on Fortune 500 Global
- President and Chief Executive Officer: Meg Whitman
- Employees: Approximately 331,800 worldwide[1]
- Incorporated in Delaware, United States
- Ticker symbol: HPQ on New York Stock Exchange
- Corporate and regional headquarters
- FY12 net revenue: $120 billion USD

Net revenue by segment, fiscal year 2012* [$million USD]



Personal Systems	$35,650	28.9%
Printing	$24,487	19.8%
Services	$34,922	28.3%
Enterprise Servers, Storage, and Networking	$20,491	16.6%
Software	$4,060	3.3%
HP Financial Services	$3,819	3.1%
Corporate Investments	$108	—

* The total of segment revenue, $123,537 million USD, includes intersegment net revenue and other of ($3,180 million USD). Total HP consolidated net revenue in fiscal year 2012 equaled $120,357 million USD.

[1] As of October 31, 2012.

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Global citizenship strategy

HP operates in more than 170 countries. We have long been a leader in global citizenship—it has been one of our seven corporate objectives since 1957. We fully embrace our social and environmental responsibilities, and we are committed to conducting our business in ways that positively impact society and the planet. Our Global Citizenship program covers a broad agenda, including governance, environment, and society.

During the coming decade, we intend to continue to focus on:

- Enhancing environmental sustainability across the product life cycle
- Building a leading human rights program
- Driving strong and sustained social and environmental responsibility in our supply chain
- Advancing an accountability approach to ensure respect for privacy
- Addressing global health and education issues through social innovation

Building on the size and scale of our company and our deep history in global citizenship, we are uniquely positioned to create these positive outcomes. Our approach to global citizenship includes:

- **Technology** HP's innovative technology provides the foundation for many of our global citizenship initiatives.
- **People** Our 331,800 dedicated employees worldwide[1] are committed to making a difference. Global citizenship improves our competitiveness and our ability to attract and retain the best people.
- **Partnerships** Our collaborative spirit creates powerful partnerships across institutions, industries, sectors, and borders. These improve our collective capability to address the serious challenges that the world faces.

Global citizenship reporting

We are committed to transparent reporting on global citizenship that demonstrates accountability to our stakeholders. HP has reported on our global citizenship programs, performance, and goals every year since we published our first Global Citizenship Report for 2001. Over that period, we have progressively broadened the scope, increased the level of detail, and expanded the metrics in our report. We refer to the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines in the development of our report. See the 2012 Global Reporting Initiative index on page 140.

See Overview on page 135 for more detail about the scope of our report and our approach to assurance.

[1] As of October 31, 2012.

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Materiality

In 2012, we commissioned a formal materiality assessment, conducted by BSR and GlobeScan. Our objective was to take a fresh look at the wide range of global citizenship issues that HP faces, to reconfirm our long-standing areas of focus, determine any gaps in our current programs, and identify emerging issues and new leadership opportunities for our business.

The assessment included insights from four main sources:

- Interviews and workshops with internal stakeholders and HP leaders
- Interviews with members of our newly formed External Global Citizenship Council
- Reviews of public and internal HP documents
- Quantitative surveys of more than 230 external stakeholders and opinion leaders and more than 650 HP employees

The following graphic illustrates the results of this assessment. Each issue is linked to one of HP's three global citizenship pillars—governance, environment, and society.

Overall, the materiality assessment illustrates the wide scope of global citizenship issues. These are all relevant to how HP conducts business in a way that positively impacts society and the planet. The assessment also helped confirm the issues that HP should prioritize going forward.

Key findings included:

- Product-related opportunities, such as improving product energy efficiency and expanding access to technology, represent the leading areas where HP can create value for society and for our business.
- Managing our operations responsibly—from decreasing environmental impacts and protecting customer privacy to promoting diversity and ensuring ethical behavior—remain important areas for HP.
- Enhancing labor conditions in our global supply chain is among the important ways we can drive sustainable development.

HP 2012 materiality assessment

● Governance ● Environment ● Society

Importance to sustainable development (Low – High) / Importance to HP's business success (Low – High)

High	Non-GHG air emissions Responsible paper sourcing Biodiversity impacts Access to technology	Energy and GHG emissions in operations and supply chain Waste and hazardous materials in operations and supply chain Water in operations and supply chain Use of substances of concern in products Sustainable buildings Labor practices in supply chain Supply chain codes, standards, and engagement Responsible sourcing of materials	Product energy efficiency Sustainable product design Product reuse and recycling IT as a sustainability solution Social application of IT
	Climate resilience and adaptation Freedom of expression	Public policy engagement Responsible marketing Product transport and logistics Packaging Sale and misuse of IT products and services	Ethical behavior and business partnerships Transparency, accountability, and reporting Bribery and corruption Diversity and inclusion Privacy and data protection
Low	Executive compensation Lobbying and political contributions Employee travel Natural disaster relief	Board structure and independence Supplier diversity Employee volunteerism	Occupational health and safety Workforce reductions and relocations Employee training and development Employee wellness and benefits Taxes paid
	Low		High

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Based on this assessment, HP is also expected to focus on issues such as the human rights implications of the sale and misuse of IT products and services.

We plan to use the assessment results to help shape our global citizenship strategy and reporting efforts moving forward, and to help ensure that we continue to focus on areas of greatest importance to HP and to our stakeholders.

Global citizenship and business value

Global citizenship is an important source of business value for HP. Our efforts in this area strengthen our business by contributing to sales growth, helping us achieve cost savings, and enhancing our reputation.

How global citizenship can contribute to business value

Sales growth

- **Better business opportunities** result from HP's ability to service customers' increasing expectations for high-performing products that contribute to sustainable development, and from our ability to help customers meet their own global citizenship objectives.
- **Improved market access** results from our ability to better anticipate legislation, participate in public policy discussions, maintain legal compliance, and innovate and collaborate to meet societal needs.
- **Long-term contracts** are formed with enterprise customers and government agencies in the United States and worldwide that include environment, privacy, supply chain responsibility, and other global citizenship factors in their procurement criteria. In 2012, of customer requests for proposal that included questions about environmental and social performance, HP found that 36% asked for information regarding materials use in our products, and 31% asked about product recycling.[2]
- **Access to capital** is supported by our relationship with major investors, which are increasingly assessing global citizenship-related performance and risk.

Cost savings

- **Energy and resource efficiency** in HP's operations and those of our suppliers reduces costs and increases productivity.
- **Risk management** related to global citizenship issues helps HP to avoid expenses associated with crisis management.

Reputation enhancement

- **Strengthened relationships** with customers, governments, nongovernmental organizations, investors (see Global citizenship indexes below), and others improve our ability to conduct business effectively.
- **Increased employee engagement** enables us to attract and retain a talented workforce.
- **Expanded influence** among policy makers and thought leaders helps us promote issues important to our industry, our customers, and the world.

Global citizenship indexes

Analysts from socially responsible investment (SRI) firms and other investment-focused organizations regularly report on HP's global citizenship performance. These assessments help us to benchmark our global citizenship programs and initiatives against other companies. In 2012, the following were among the ratings and rankings that included HP:

- **Carbon Disclosure Project** HP placed in the top 10% of companies on this year's Carbon Disclosure Leadership Index, which ranks companies on the transparency and progress they have made on their carbon emissions and climate change goals. HP scored 92 out of 100—an eight point improvement over our 2011 score.
- **Dow Jones Sustainability Index** HP was among the top 10% of the companies named to the 2012 Dow Jones Sustainability World Index and was also named to the North American Index, which measures a company's economic, environmental, and social performance.
- **FTSE4Good** Included on four FTSE4Good indexes for the tenth consecutive year.
- **Interbrand** For the second consecutive year, HP ranked the highest among electronics companies and again placed fifth overall on the 50 Best Global Green Brands 2012 list from Interbrand, a leading brand consultancy.
- **NEWSWEEK 2012 Green Rankings** For the third year in a row, HP ranked 2nd on Newsweek's listing of the top 500 U.S. companies, in recognition of our commitment to environmental sustainability. In addition, HP placed 22nd on the Global 500 list.

[2] Does not include requests for proposal for which environmental and social questions were addressed directly by customers or our sales force.

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Global citizenship governance

A company as diverse and complex as HP needs clear leadership and governance to achieve consistently strong global citizenship performance. This begins at the top and depends on active participation and support throughout our organization.

HP Board of Directors' Nominating and Governance Committee

The Board of Directors' Nominating and Governance Committee assists the board in fulfilling its responsibilities related to public policy, government relations, and global citizenship (including human rights). The committee identifies, evaluates, and monitors social, political, and environmental trends and concerns as well as domestic and foreign legislative proposals and regulatory developments that could significantly affect HP's business. The committee may also report and make recommendations to the board with respect to activities, policies, and programs relating to matters of local, national, and international public policy affecting HP's business. These may include:

- Trade policy and major legislative and regulatory developments
- Relations with regulators, governmental agencies, public interest groups, and other stakeholders
- HP's policies with respect to global citizenship
- General guidelines for political contributions

HP Global Citizenship Council

HP's Executive Council retains overall responsibility for global citizenship as part of our business strategy. Our Global Citizenship Council ensures company-wide commitment to and alignment with HP's global citizenship objectives. The council comprises executives and subject matter experts from across HP and seeks input from all of our business groups and functions, as well as from external stakeholders. It meets at least quarterly to promote and advance global citizenship strategically through risk and opportunity assessment, governance, and policy oversight.

The Global Citizenship Council is sponsored by a member of the HP Executive Council. Co-chairs are HP's vice president of sustainability and social innovation and the senior vice president and chief ethics and compliance officer.

Other executives and subject matter experts represent the following areas:

- Corporate Communications
- Corporate Ethics
- Enterprise Risk Management
- Environmental Sustainability
- Government Relations
- Human Resources
- Human Rights
- Investor Relations
- Global Security
- Privacy
- Supply Chain Responsibility
- Social Innovation

Topic-specific councils

HP also maintains separate councils dedicated to areas such as the environment, supply chain responsibility, corporate ethics, and privacy. These councils include leaders with relevant expertise from our business units, regions, and functions. Each council meets periodically to evaluate our progress in implementing our strategies and to establish performance goals.

Global citizenship governance

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Stakeholder engagement

It is impossible for one organization alone to tackle the full breadth of global citizenship issues. HP therefore collaborates with a diverse range of stakeholders to pursue long-term, scalable solutions to major environmental and social challenges.

This collaboration happens across borders and between industries and institutions. From these relationships, we gain valuable insights into emerging trends, external standards and regulations, and environmental and social risks and opportunities facing our business. We use these insights along with our own materiality assessment (see Materiality on page 11) to inform our global citizenship approach and broader business strategy.

External Global Citizenship Council

In 2012, we established a new stakeholder council of external experts to provide input on our global citizenship strategy. The External Global Citizenship Council (EGCC) membership comprises leaders from across the academic, business, and nongovernmental organization (NGO) communities. The eight members are:

- Aron Cramer, president and CEO of BSR
- John Elkington, founding partner and executive chairman of Volans and co-founder of SustainAbility
- Peter Graf, chief sustainability officer and executive vice president of sustainability solutions at SAP
- Peggy Liu, chairperson of Joint U.S.-China Collaboration on Clean Energy
- Malini Mehra, founder and CEO of the Center for Social Markets
- Kevin Moss, head of corporate responsibility at BT Americas
- Steve Westly, founder of The Westly Group and former controller and chief fiscal officer of the State of California
- Andrew Winston, founder of Winston Eco-Strategies and author of *Green Recovery*

The EGCC replaces the Executive Environmental Advisory Council (EEAC), which was formed in 2010 to provide objective insight to HP leadership on broad environmental trends and our own strategies and programs. The EGCC expands upon the EEAC's original scope to address global social as well as environmental issues.

Meeting twice a year, the council helps HP leadership evaluate opportunities, set priorities, and assess progress with regard to global citizenship. EGCC members also provide input on key initiatives. For example, the council's first major task was to inform and review HP's recent materiality assessment (see Materiality on page 11).

HP values external stakeholder feedback, and we carefully consider the recommendations of our stakeholder councils.

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HP's stakeholder engagement

Stakeholder group	Types of engagement	Example of issues raised	Example of HP's response
Academics	Collaborations Sponsorships	Support and promote access to STEMx education. See Education on page 121.	In 2012, HP Catalyst multiversity consortium member, Northwestern University, developed Project Access to enhance STEMx education to underfunded public middle and high schools. See Social innovation on page 120.
Customers	Customer surveys Joint initiatives Requests for proposal	Help enterprise customers decrease resource consumption and carbon emissions.	We expect HP Project Moonshot servers to consume up to 89% less energy than traditional x86 servers. See Design on page 39.
Employees	Employee surveys Volunteer programs	Capitalize on employee skills to help address social challenges.	In 2012, 200 employees volunteered for an HP Hackathon. The winning team developed a valuable tool that can legally locate registered blood donors with rare blood types using information those individuals have already provided voluntarily. See Social innovation on page 120.
Investors	Rankings and indices	Provide details of HP's environmental performance to benchmark against peer companies and competitors.	In 2012, HP was again included on the CDP S&P 500 Carbon Disclosure Leadership Index. See Global citizenship and business value on page 12.
Legislators and regulators	Lobbying governments Research Responding to public consultation on regulations Participating in working groups	Use of conflict minerals.	In 2012, HP participated in a multi-stakeholder group to create consensus opinions and communications that were provided to the U.S. State Department and to the U.S. Securities and Exchange Commission. See Conflict minerals on page 96.
Local communities	Cash and in-kind donations Volunteer programs	Provide ongoing support to rebuild and recover after disasters.	In 2012, HP volunteers taught basic IT skills to tsunami victims in Shinonome, Japan, so that they could reach relatives, stay up to date with current events, search for jobs, and more. See Community engagement on page 125.
Nongovernmental organizations	Collaboration on programs and initiatives Collaboration on innovative solutions to social challenges Rankings and reports	Use technology to promote access to healthcare.	In 2012, HP joined with Clinton Health Access Initiative (CHAI), Kenya Ministry of Health, and Strathmore University on the Early Infant Diagnosis project to expedite early HIV testing and treatment for infants. See Health on page 124.
Peer companies	Collaboration on industry initiatives and working groups	Reduce excessive working hours in supplier facilities.	In 2012, HP cochaired the Electronic Industry Citizenship Coalition's (EICC) new working group on excessive working hours. See Supply chain responsibility on page 75.
Professional organizations	Participation and sponsorship of initiatives	Promote industry-wide efforts to eliminate use of emerging substances of concern.	In 2012, HP participated in the Green Chemistry and Commerce Council (GC3) to identify alternative plasticizers. See Materials on page 41.
Social entrepreneurs	Participation at conferences Mentoring	Bridge the gap between NGO and corporate expertise.	In 2012, HP Advisors paired seasoned HP professionals with social entrepreneurs to share expertise. See Community engagement on page 125.
Suppliers	Audits Participation at business development events Capability-building programs Mentoring Quarterly business reviews Supplier surveys	Reduce supplier nonconformances to HP's EICC Code of Conduct.	In 2012, HP worked with suppliers to develop corrective action plans to address nonconformances. We conducted follow-up audits to check items were resolved. See Supply chain responsibility on page 75.

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Affiliations and memberships

HP belongs to or affiliates with many organizations that address global citizenship issues, including:

Asia-Pacific Economic Cooperation, the premier forum for facilitating economic growth, cooperation, trade, and investment in the Asia-Pacific region

BSR, a global nonprofit organization that helps member companies enhance business performance while respecting ethical values, people, communities, and the environment

Center for Climate and Energy Solutions, an independent, nonpartisan, nonprofit organization working to advance strong policy and action to address the twin challenges of climate change and energy

Center for Corporate Citizenship at Boston College, a membership-based research organization associated with the Carroll School of Management, which is committed to helping businesses leverage their social, economic, and human assets to ensure both their success and a more just and sustainable world

Center for Democracy & Technology, a nonprofit public policy organization that conceptualizes and implements public policies that will keep the Internet open, innovative, and free

The Centre for Information Policy Leadership, an organization that develops initiatives that encourage responsible information governance necessary for the continued growth of the information economy

Change the Equation, an organization that pledges to create widespread literacy in science, technology, engineering, and math (STEM) as an investment in our nation that empowers us all

The Climate Group, an independent, nonprofit organization working internationally with government and business leaders to advance smart policies and technologies to cut global emissions and accelerate a clean industrial revolution

Climate Savers Computing Initiative (CSCI), a nonprofit organization committed to reducing carbon dioxide emissions through the development, deployment, and adoption of smart technologies to improve efficiency and reduce the amount of energy a computer consumes

Clinton Global Initiative (CGI), which convenes global leaders to devise and implement innovative solutions to some of the world's most pressing challenges—maximizing their efforts to alleviate poverty, create a cleaner environment, and increase access to healthcare and education

Clinton Health Access Initiative (CHAI), a global health organization committed to strengthening integrated health systems in the developing world and expanding access to care and treatment for HIV/AIDS, malaria, and tuberculosis

Combat Climate Change (3C), a business leaders' initiative to support the negotiation process led by the United Nations Framework Convention on Climate Change to establish a new global agreement

Corporate Eco Forum, a membership organization for large companies that demonstrate a serious commitment to the environment as a business strategy issue, helping accelerate sustainable business innovation and the exchange of best-practice insights

CSR Asia, which builds capacity in companies and their supply chains to promote awareness of corporate social responsibility in order to advance sustainable development across the region

CSR Europe, a business membership network that promotes the business case for corporate social responsibility across the region and globally

Electronic Industry Citizenship Coalition, a coalition of the world's leading electronics companies working together to improve efficiency and social, ethical, and environmental responsibility in the global supply chain

EPEAT®, a leading global registry that helps identify greener computers and other electronic equipment

Ethics and Compliance Officer Association (ECOA), a nonprofit, member-driven association exclusively for individuals who are responsible for their organization's ethics, compliance, and business conduct programs

Ethos Institute for Business and Social Responsibility, a Brazilian nonprofit organization with a mission to mobilize, encourage, and help companies manage their business in a socially responsible way

European Academy of Business in Society (EABIS), a network of companies and business schools committed to putting business-in-society issues at the heart of management practice

European e-Skills Association, an organization representing the information and communications technology sector's contribution to the development and implementation of a long-term e-skills and digital literacy agenda in Europe

European Recycling Platform (ERP), the first ever pan-European take-back scheme to effectively implement the European Union's Waste Electronic and Electrical Equipment (WEEE) Directive

Forest Stewardship Council (FSC®), an independent, nongovernmental, nonprofit organization established to promote the responsible management of the world's forests

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Global Business Initiative on Human Rights (GBI), an initiative led by major global corporations to support action-learning activities that promote the implementation of the UN Guiding Principles on Business and Human Rights

Global e-Sustainability Initiative (GeSI), an independent, nonprofit association that fosters global and open cooperation, informs the public of its members' voluntary actions to improve their sustainability performance, and promotes technologies that advance sustainable development

Global Forest Trade Network (GFTN), an initiative by World Wildlife Fund (WWF) to eliminate illegal logging, improve the management of valuable and threatened forests, and create a new market for environmentally responsible forest products

Global Social Compliance Programme, a business-driven program for the continuous improvement of working and environmental conditions in global supply chains

The Green Grid Association, a nonprofit, open industry consortium of global IT companies, policy makers, and end users seeking to improve energy efficiency in data centers and unite industry efforts to develop a common set of metrics, processes, and new technologies

IDH: The Sustainable Trade Initiative, a multi-sector process that aims to improve the sustainability of international supply chains

International Climate Change Partnership (ICCP), a global membership-based coalition of companies and trade associations committed to constructive and responsible participation in the international policy process concerning global climate change

Junior Achievement, the world's largest organization dedicated to educating students about workforce readiness, entrepreneurship, and financial literacy through experiential, hands-on programs

mothers2mothers, an NGO that helps prevent mother-to-child transmission of HIV. Since 2001, mothers2mothers has grown from one site in Cape Town to more than 400 sites in seven countries

National Association for Environmental Management (NAEM), a nonprofit, nonpartisan professional association dedicated to educating corporate environmental, health and safety, and sustainability decision makers

Partners in Health, an NGO founded in 1987 that aims to provide a preferential option for the poor in healthcare. By establishing long-term relationships with sister organizations based in settings of poverty, Partners In Health strives to bring the benefits of modern medical science to those most in need of them and to serve as an antidote to despair

Public-Private Alliance for Responsible Minerals Trade, a joint initiative between governments, companies, and civil society to support supply chain solutions to conflict minerals challenges in the Democratic Republic of Congo (DRC) and the Great Lakes Region (GLR) of Central Africa

Sustainable Silicon Valley, an organization leading Silicon Valley to a more sustainable future through collaboration with local government agencies, businesses, and community organizations to identify and address the highest-priority environmental issues

United Nations Global Compact, a voluntary and strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment, and anticorruption

U.S. Green Building Council, a nonprofit organization committed to a prosperous and sustainable future through cost-efficient and energy-saving green buildings, including LEED® certification for data centers

World Economic Forum, an independent, nonprofit foundation committed to improving the state of the world by engaging societal leaders in partnerships to shape global, regional, and industry agendas

World Resources Forum, a science-based platform to exchange knowledge about the economic, political, and environmental implications of global resource use

WWF Climate Savers, an initiative by World Wildlife Fund (WWF) to mobilize multinational companies to voluntarily reduce greenhouse gas emissions and promote the business case for energy efficiency and clean technology

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Corporate ethics

At HP, how we do things is as important as what we do. We are accountable for our actions, responsible for their consequences, and proud of our efforts. Our values guide us to behave ethically and with respect toward our stakeholders and wider society. We use our scale and influence to encourage similar behavior beyond our own operations. Read more in Human rights on page 73.

We strive to maintain a strong culture of integrity and trust globally, whatever the local culture, laws, and regulations. Our robust ethics and compliance program requires HP employees, partners, and suppliers worldwide to use only lawful and ethical business practices.

99%

of HP employees completed the ethics and compliance annual training session

25,000

employees watched Integrity Matters videos on handling ethical issues

99/100

scored in the 2012 Dow Jones Sustainability Index category of Codes of Conduct/Compliance/ Anticorruption & Bribery

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Doing the right thing is central to our brand and culture. We do not tolerate corrupt behavior and will never trade our integrity for a business opportunity. We refuse to pay bribes or kickbacks even when it requires walking away from a deal (see Anticorruption on page 21). We have systems and processes in place for employees, partners, suppliers, and others to report ethics issues, and we work quickly to resolve them according to our policies and local laws.

In the 2012 Dow Jones Sustainability Index, HP scored 99 out of 100, the highest score in the IT sector, in the category of Codes of Conduct/Compliance/Anticorruption & Bribery. We also earned high ratings in Transparency International's Defence Companies Anticorruption Index for 2012.

HP codes of conduct

Employees
Standards of Business Conduct (20+ languages)

HP U.S. Public Sector Employees
U.S. Public Sector Code of Conduct

Contingent Workers
Contingent Worker Code of Conduct (20+ languages)

Suppliers
HP Electronic Industry Citizenship Coalition (EICC) Code of Conduct

Partners
Partner Code of Conduct (20+ languages)

Ethics and compliance

Every day, the actions of our employees impact HP's reputation. We are proud of our record for integrity and hold ourselves and our business partners to very high standards. Legal and regulatory compliance is required from all our employees, partners, and suppliers, and we promote a culture of integrity, trust, and ethical decision making wherever we operate. To put these principles into practice we employ rigorous standards, governance structures, training, communications, and reporting and investigation procedures.

HP's Standards of Business Conduct (SBC), available in 20+ languages, sets clear expectations for employees and provides guidance in difficult situations. We use additional codes of conduct for contingent workers, partners, and suppliers, and for employees working with the U.S. public sector.

Governance structure and responsibilities

HP's commitment to the highest ethical standards starts at the top. The Board of Directors heads our ethics and compliance governance structure and, along with company executives, sets the tone for employees. Our Ethics and Compliance Office oversees the day-to-day work on this issue across our global operations. The board's Audit Committee provides nonexecutive input on our program and guidance to our chief ethics and compliance officer.

During fiscal year 2012, the Board of Directors was led by executive chairman, Raymond Lane, and lead independent director, Rajiv Gupta. On April 4, 2013, Mr. Lane ceased serving as chairman, and the board appointed Ralph Whitworth, an independent member of the board, to serve as nonexecutive chairman on an interim basis while the board conducts a search for a permanent nonexecutive chairman. With Mr. Whitworth serving as an independent nonexecutive chairman, the board determined that the role of lead independent director was no longer necessary and eliminated it. For further information, see HP board membership, board committees and composition, and corporate governance guidelines. These documents address various board-related issues, including board governance and director independence.

Ethics and compliance governance structure

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Asking questions and reporting concerns

We encourage employees to raise concerns and ask questions whenever they are uncertain of the best course of action—without fear of retaliation.

In keeping with HP's long-standing "open door" approach to communication, we provide guidance on asking questions and reporting concerns in our SBC, accompanying training module, corporate policy directory, and ethics and compliance website. Employees can also talk to their manager or more senior managers if ethics issues arise, or they may seek advice from our ethics and compliance experts or regional or business SBC liaisons.

We provide formal, confidential communication reporting channels for employees and third parties, including e-mail, an online form, and a global 24-hour toll-free hotline with translators available. Where allowed by law, reporting can be anonymous. See the table "Items reported to the Global SBC team or other compliance functions" at right.

See how to ask a question or report a concern.

Investigating concerns

We use a Global Case Management System to record allegations of ethical violations. Managers receive access to incident details as needed, while protecting personal information. These data help us identify any geographical hotspots of ethics- and compliance-related incidents that may require additional action.

We respond promptly to all alleged violations and conduct investigations as appropriate. Investigations may involve local, regional, or corporate-level employees and include members of other relevant functions. HP's Investigations team oversees all escalated, corporate-led investigations. Details and results of investigations are kept as confidential as is practically possible. We take appropriate disciplinary action based on the results of our investigations. When necessary we terminate employees and review relationships with partners and suppliers.

Progress in 2012

Ethics and compliance training

Everyone at HP is accountable for his or her actions—regardless of position in the company. Our main training initiatives in 2012 included:

- **Mandatory ethics and compliance annual refresher course** Ninety-nine percent of employees (excluding new hires, those on leave of absence, and people leaving HP) completed a one-hour online training session that covered SBC and key policies, procedures, and high-risk issues. This number includes senior officers and executives. New hires completed a comprehensive course within 30 days of joining us. Board members complete the training every two years and were not included in the 2012 course.
- **Training videos** Approximately 25,000 employees viewed our Integrity Matters videos. These depict typical scenarios where ethical issues arise and provide guidance from senior leaders on how to respond.
- ***IonETHICS*** We published our newsletter *IonEthics* twice in 2012, featuring anonymous case studies and "what if?" scenarios to educate employees on handling ethically challenging situations.

Items reported to the Global SBC team or other compliance functions, 2008–2012
[percentage of total by topic]

	2008	2009	2010	2011	2012
Human resources	56%	35%	44%	42%	39%
Misuse of assets	19%	14%	11%	10%	12%
Fraud	5%	12%	10%	9%	8%
Sales channel violations	1%	3%	3%	3%	1%
Conflicts of interest	4%	7%	6%	8%	13%
Confidentiality	4%	6%	5%	6%	4%
Customer relationships	0%	2%	2%	3%	4%
Financial and public reporting	1%	4%	3%	2%	2%
Competition	1%	1%	1%	3%	3%
Other	9%	16%	15%	14%	14%

Investigation process overview

Form team and plan
- Review the allegation and prepare a notification memo
- Form the investigation team and assign a case owner
- Put together an investigation plan
- Commence investigation

Remote investigation
- Develop informants and other witnesses
- Background work
  - Obtain remotely available information
  - E-mail/HDD search and analysis
  - Informational interviews by phone
- Plan for on-site investigation

On-site investigation
- Obtain and review evidence only available on-site
- Interview witnesses and subjects

Review, analyze, and conclude
- Assess credibility
- Reach reasonable conclusions in good faith
- Discuss initial recommendations and disclose as required

Report and close
- Write the report
- Solicit inputs
- SBCCT Leadership Team and applicable regional and business unit SBC liaisons review report and confirm recommendations
- Close case
- Implement

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Anticorruption

Corrupt behavior impedes legal compliance and social and economic development, and undermines the very foundation upon which HP was built. We do not tolerate any bribery or kickbacks to win business or influence a business decision.

HP is committed to complying fully with all anticorruption laws and regulations, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act. We ensure compliance with all applicable anticorruption laws wherever we do business through our Anticorruption Compliance Program, which is reviewed and revised each year to ensure that HP has adequate procedures in place to prevent bribery. HP also has policies for Global Business Gifts, Travel, and Entertainment and Political Contributions.

We use internal data and Transparency International's Corruption Perceptions Index to identify high-risk countries and raise awareness of potential ethical issues in each market. We participate in and speak at anticorruption conferences around the world, including events outside of our industry. We also benchmark our program with those of other companies to identify ways to improve and strengthen our anticorruption compliance program.

Training

Anticorruption training is part of our mandatory ethics and compliance induction process for new hires and is an important part of the annual refresher course for all employees. Additionally, nearly 34,000 HP employees worldwide received comprehensive scenario-based anticorruption training in 2011 and 2012 that covered relevant anticorruption laws. Employees who work with the U.S. public sector complete additional training tailored to the unique requirements of conducting business with the government.

Our Ethics and Compliance Office provides specific guidance and training for growth markets and specialists teams, including face-to-face training and materials that may be adapted for localized training to address the SBC and Global Business Gifts, Travel, and Entertainment Policy. In 2012, we focused on enhancing and expanding our controls related to third-party due diligence and other areas.

We require all employees, partners, and suppliers to report corrupt activity and to adhere to our anticorruption policies. We encourage employees to consult the Ethics and Compliance Office over any potential misconduct, and we promptly investigate alleged violations of our policies or relevant laws.

Ongoing investigation

The German Public Prosecutor's Office, the U.S. Department of Justice, and the Securities and Exchange Commission are currently investigating allegations of misconduct in connection with a 2003 transaction between a former HP subsidiary in Germany and the Russian General Prosecutor's Office (GPO). HP takes such matters very seriously and continues to cooperate fully with the authorities in their ongoing investigations.

Goals

2012 goals	Progress
Assess effectiveness of training and consulting programs.	We seek feedback on our programs through surveys, e-mails, and other means to assess relevance and understanding. We also analyze case data to identify areas for remediation and then assess whether that remediation is effective.
Lead growth market compliance.	We provided additional focused compliance-related support and dedicated anticorruption training to the Growth Markets Organization team.
Improve localization of training and programs.	We continue to increase our outreach and reinforce our relationships with the region and country leaders to ensure that our training and programs are relevant and address current issues.
Begin expanding Wellness Assessments to HP subsidiaries.	HP expanded its Wellness Assessment Program to assess the compliance programs and top legal and regulatory risks of four of its subsidiaries across all three geographic regions. We will continue to expand our program to assess additional subsidiaries in 2013.
Mature HP's Human Rights program to mirror other compliance programs.	We made significant progress aligning the pan-HP Human Rights Program with the Corporate Compliance Program framework and will continue to drive implementation and alignment in 2013.

2013 goals
Increase business-led ethics and compliance messaging and communications.
Showcase "ethics champions."
Continue assessment of effectiveness of training and consulting programs.
Continue expanding controls relating to third-party due diligence, including initiating rescreening of existing channel partners.
Revise and consolidate anticorruption policies.
Enhance event and hospitality screening processes.

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Public policy

As a global company, we are in a unique position to influence public policies that can have a positive impact on people and communities worldwide. We share our deep industry knowledge and experience with government agencies and regulators to help shape effective policies in areas such as technology development, taxation, market access, environment, and intellectual property rights. Our objective is to promote laws and regulations that encourage industry growth and innovation in a socially and environmentally responsible manner. HP's public policy work complies with all applicable national and international laws as well as our own strict Standards of Business Conduct (SBC).

Collaboration

While our in-house Government Relations team leads our public policy engagement, we also work with IT industry associations. These organizations provide a unified voice in discussions with government agencies. We list the major memberships and coalitions HP belongs to worldwide on our Government Relations website.

In regions where we have significant business interests, we also engage external consultants, including professional contract lobbyists. These experts work closely with Government Relations and abide by national and regional lobbying regulations as well as HP's SBC.

Policy priorities in 2012

Our recent public policy work focuses on the five areas described below.

Technology policy

Cloud technology's continued growth is a strategic priority for HP and was a key policy focus in 2012. The rapid expansion of cloud computing is attracting attention from governments and regulatory agencies worldwide. HP is helping shape policies and regulatory frameworks that support the adoption of this new style of IT. Our approach is customer-focused and environmentally aware. We advocate for strong privacy and data protection regulations, robust cybersecurity standards, and energy efficient cloud delivery.

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HP encourages policies and regulatory frameworks based on open standards that do not require a particular type of technology. We also support regulatory frameworks that deliver standardization, interoperability, and portability across IT systems and solutions. This helps our global customers while improving cloud functionality. Likewise, we promote government procurement standards and policies that take into account the speed of innovation and life cycle costs of technology, and that enable the free flow of data across borders, when permissible by law.

Highlights in 2012 included:

- Sharing our cybersecurity practices in response to an inquiry from U.S. senator John D. Rockefeller IV, who chairs the Senate Committee on Commerce, Science, and Transportation
- Contributing our insight on cybersecurity in response to the European Union (EU) Consultation on Network and Information Security
- Publishing a response to the EU Commission's public consultation on cloud computing, highlighting our work on protecting privacy and personal data

Tax and economic incentives

HP promotes tax policies and economic incentives that encourage innovation, growth, and job creation. In the United States, such tax policies include support for an international tax system that reflects the 21st-century global marketplace and incentives for innovation such as the research and development tax credit. HP also works with national governments, NGOs, and multinational organizations around the world to support policies that encourage job creation, higher living standards, and expanded business activity.

Market access

In fiscal year 2012, approximately 65% of HP's overall net revenue came from outside the United States. We support comprehensive and progressive trade agreements between countries and regions that liberalize markets for our products and services and increase transparency in government procurement, regulations, and standards. We also support agreements that include clear rules to protect intellectual property, labor standards, and the environment.

Highlights in 2012 included:

- HP supported the continuation of U.S. negotiations with eight Asia-Pacific countries toward the completion of a Trans-Pacific Partnership free trade agreement, which addresses key issues such as cross-border data flow, privacy, technology standards, government procurement, and protection of intellectual property rights. We welcome the commencement of negotiations on a Transatlantic Free Trade Area, which we believe can help lower barriers to trade between the United States and the European Union.
- HP supported Russia's official membership in the World Trade Organization (WTO) in 2012. This development will allow the United States and other WTO members to work with Russia to spread international trade obligations in areas such as intellectual property, market access for goods and services, and investment rules. The United States subsequently approved Permanent Normal Trade Relations with Russia, allowing U.S. companies to realize the benefits of Russia's WTO membership.

Intellectual property and anticounterfeiting

Our business is based on innovation and relies on fair and efficient intellectual property protection. However, existing patent systems across different regions do not provide adequate protection for legitimate intellectual property. We support changes to patents and copyright regimes worldwide that would better balance the interests of consumers, technology equipment manufacturers, and intellectual property rights holders. In the United States, we also support reform to strengthen the patent system and curb abusive patent litigation. Additionally, we support the introduction of more effective fair compensation systems in jurisdictions that still use analog copyright levies.

A related issue, counterfeiting, costs the IT industry an estimated $100 billion USD in annual revenue globally.[1] It poses a sizable challenge to HP and is more sophisticated and pervasive than ever before. The sale of fake goods can damage our customers and our brand, and the loss of income lessens our ability to create jobs and develop new technologies.

To fight the trend of counterfeiting, HP developed the Anticounterfeiting Program to partner with governments and law enforcement agencies to encourage the strengthening of IP law and the prosecution of counterfeiters, whether small vendors or large manufacturers.

Social and environmental policies

Working closely with governments and other progressive companies, HP helps drive advances in public policy that address global environmental and social concerns.

Highlights in 2012 included:

- As part of the technical working group within the International Organization for Standardization, we helped develop standards for calculating the carbon footprint of products, slated for publication in 2013.
- HP continued to engage governments and stakeholders, directly and through trade associations, to help improve national and international approaches to controlling the movement of electronic waste while also allowing legitimate movements of used equipment for repair and reuse to continue. See Product return and recycling on page 50.

[1] Managing the Risks of Counterfeiting in the Information Technology Industry, page 2, KPMG LLP and the Alliance for Gray Market and Counterfeit Abatement.

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Political engagement

In 2012, HP contributed $1,422,375 USD to state and local candidates, political memberships or sponsorships, and ballot measure campaigns in the United States. These contributions aligned with our policy positions and complied with HP's political guidelines, SBC, and applicable laws.

U.S. law prohibits corporate contributions to federal political candidates. However, eligible employees can make voluntary donations to the HP Political Action Committee (PAC). HP PAC is a separate legal entity from HP that contributes to both Democratic and Republican campaign committees, PACs, and party committees who share our policy views. In 2012, HP PAC dispersed a total of $529,450 USD.[2]

As a general rule, HP does not make political contributions outside the United States.

See historical data on page 130.

Learn more on our Government Affairs website, including:

- Policies for corporate and PAC political contributions
- Criteria and responsibilities for approving political contributions
- List of candidates who received corporate or PAC contributions in 2012
- List of Section 527 organizations that received contributions from HP in 2012[3]

The website also discloses the proportion of our membership fees that each trade association we belong to in the United States used for lobbying purposes in 2012.

[2] Includes minimal operating expenditures.

[3] The term "527 organization" refers to a U.S. political organization that is not regulated by the Federal Election Commission. These organizations are created under Section 527 of the Internal Revenue Code.

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Policies and standards

Accessibility

HP Accessibility Policy

Business ethics

HP Standards of Business Conduct

Corporate governance

Corporate Governance Guidelines

Diversity

HP Nondiscrimination Policy

HP Harassment-Free Work Environment Policy

Environment

Climate Change Policy

Environmental, Health, and Safety Policy

Environmentally Preferable Paper Policy

Hardware Recycling Standards

HP General Specification for the Environment

Printing Supplies Recycling Policy

Global citizenship

HP Global Citizenship Policy

Human rights

HP Global Human Rights Policy

Labor practices

HP Open Door Policy

Privacy

HP Global Master Privacy Policy

Supply chain

HP Supply Chain Social and Environmental Responsibility Policy

HP Electronic Industry Citizenship Coalition (EICC) Code of Conduct

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Environment

From our products designed for the environment and extensive return and recycling programs, to innovations within our own operations and supply chain, we're committed to reducing our environmental impact—and that of our customers.

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Environmental sustainability

With more than 7 billion people seeking greater prosperity worldwide, balancing economic growth with environmental sustainability calls for innovation and leadership. HP is responding to this challenge by improving the efficiency of our products and solutions, supply chain, and operations. By combining the expertise of our people, our innovative technology portfolio, and collaborative partnerships, we are working to create solutions that reduce environmental impact and expand opportunities.

We are working with our customers, suppliers, and other stakeholders to develop and share solutions that streamline and replace resource-intensive processes. We will move our business forward by reducing HP's own environmental footprint while helping people prosper and companies thrive.

Published our complete carbon footprint, among the first companies globally to disclose this level of information (released in early 2013)

24%

improvement in production supplier GHG emissions intensity over four years*

20%

targeted reduction in total Scope 1 and Scope 2 GHG emissions from operations by 2020, compared to 2010

* Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

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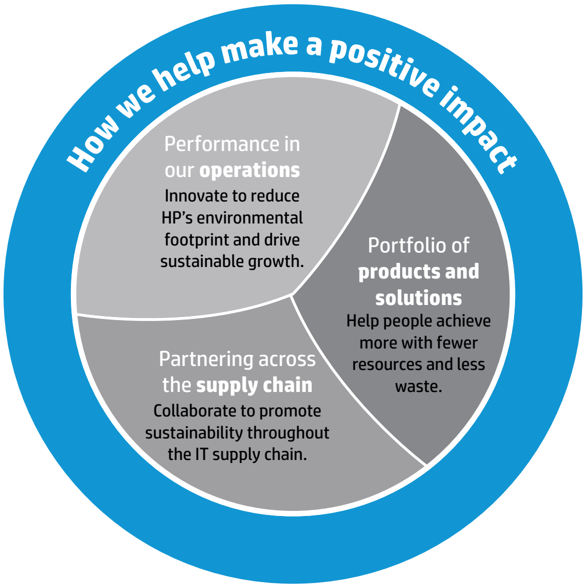
Our approach

Our approach has three pillars, as shown below:



Products and solutions

Our products and solutions help people achieve more with fewer resources and less waste. This enhances how our customers live and work while helping them reduce their environmental impact. We strive to improve the environmental performance of products and solutions across our portfolio—from single-user personal computing devices and printers to enterprise servers, storage equipment, and data centers. Over a five-year period, HP reduced energy consumption of our product portfolio by 50% on average.[1]

> "Long before [sustainability] was an area that people were asking about, HP was trying to find ways to build equipment that is more energy efficient and produces less waste at end of life. That was important to us."
>
> —Bill Thomas, global head HTS sustainability, HSBC
> See video.

We also offer a wide range of services and solutions that help customers improve their environmental performance. Customers can use our free online Carbon Footprint Calculator to compare products and identify steps to reduce the environmental impact and cost of computing and printing. Our free Power Advisor tool does a similar job for customers who use HP servers.

From end users to entire organizations, enterprises can get what they need from HP to improve environmental performance and meet their business goals. Customers also rely on HP solutions and expertise for insight into how their IT systems and even their entire enterprise can perform better while using fewer resources. With HP, enterprises can reengineer processes and transform their businesses to create faster, more cost-effective, and sustainable ways to work and serve their customers.

Learn more in Products and solutions on page 35.

Supply chain

We look beyond the use of our products to also measure and improve environmental performance with partners throughout our supply chain and the IT industry as a whole, from sourcing, manufacturing, and shipping all the way through to return and recycling. Working with suppliers and other companies, we also continue to improve our return and recycling programs to expand availability, reduce waste, and capture value from used technology products.

Learn more in Environmental impacts on page 81, Transport on page 45, and Product return and recycling on page 50.

Operations

We're improving the performance of our operations by deploying many of our most promising technologies to reduce our own footprint and drive sustainable growth. Managing our global operations responsibly is a cornerstone of our commitment to environmental sustainability, and it strengthens our business. We work to reduce our consumption of energy, water, paper, and other resources and to cut GHG emissions through new programs and technologies as well as sustainable facility design.

Learn more in HP operations on page 55.

Aron Cramer
president and CEO, BSR

Aron describes his views on sustainability and how HP has built it into technology solutions that reduce energy usage and waste for our customers.

[1] The average energy consumption of HP products was estimated annually between 2005 and 2010 using high-volume product lines representative of the overall shipped product volume. The high-volume product lines include notebook and desktop computers, Inkjet and HP LaserJet printers, and industry-standard servers.

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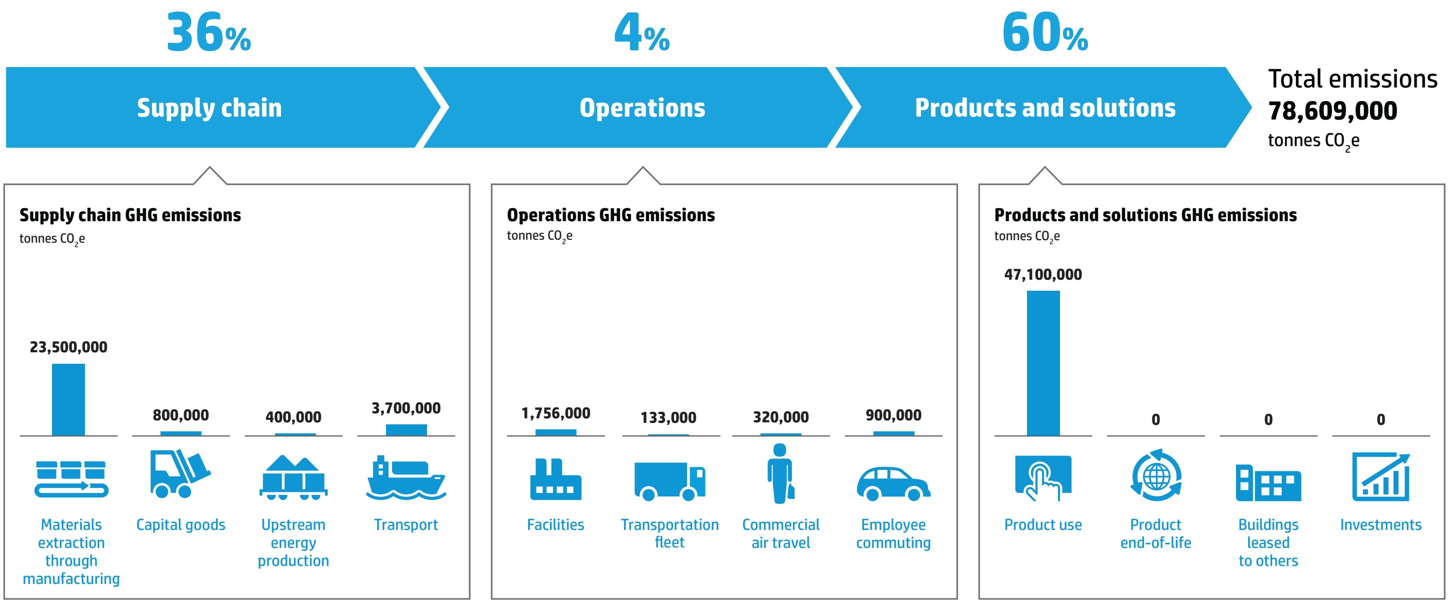
Energy and climate

HP believes it is in the interest of society and business to limit global temperature increase by the end of this century to avoid the most severe environmental, social, and economic impacts of climate change. Governments, businesses, and other organizations must meet the challenges of climate change with ingenuity and through the power of information technology. See HP's Climate Change Policy.

During 2012 we completed a comprehensive carbon footprint analysis to better understand the impact of our company and our products. HP is among the first companies globally to publish this level of information. This builds on years of leadership in this area. For example, in 2008 HP became the first major IT company to measure and publish aggregated supply chain greenhouse gas (GHG) emissions. Learn more in Environmental impacts on page 81.

Our carbon footprint*



Greenhouse gas emissions in this phase are primarily due to materials use and manufacturing. Through innovative design, we work to decrease materials volume and impacts. We collaborate with suppliers to improve their environmental performance—resulting in a 24% decrease in production supplier GHG emissions intensity over four years.** View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

Greenhouse gas emissions from HP operations are primarily due to facility energy use. We met our goal two years early to reduce absolute GHG emissions from HP-owned and leased facilities by 20% relative to 2005 levels by the end of 2013. This year, we set a new goal to decrease total GHG emissions from operations (Scope 1 and Scope 2) by 20% by 2020, compared to 2010. View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

More than half of HP's total carbon footprint is due to the energy our products and solutions consume during use. We reduced product energy consumption across our portfolio by 50% on average over five years, and we continually work for further improvement.*** View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

* Emissions from Facilities and Transportation fleet (Scope 1 and Scope 2) are from 2012. Emissions in the other categories included in this graphic (Scope 3) are from 2011. To calculate Scope 1, Scope 2, and Scope 3 emissions, HP has followed the principles outlined in the Greenhouse Gas Protocol. Ernst & Young has assured HP's global Scope 1, 2, and 3 GHG emissions for the years noted. Additional details on calculations and methodology can be found in HP's "Carbon Accounting Explanations" document.

** Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent one for which data are available.

*** The average energy consumption of HP products was estimated annually between 2005 and 2010 using high-volume product lines representative of the overall shipped product volume. The high-volume product lines include notebook and desktop computers, Inkjet and HP LaserJet printers, and industry-standard servers.

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Supply chain

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Supply chain categories	Emissions [tonnes CO_2e]	Description
Materials extraction through manufacturing	23,500,000	Emissions associated with all levels of our supply chain from materials extraction through the manufacture of HP products. In addition to our work with suppliers, HP's Design for Environment program considers environmental impact in the design of every product and solution, from the smallest print cartridge to entire data centers. Learn more in Environmental impacts on page 81.
Capital goods	800,000	Emissions associated with capital goods, from raw materials extraction through manufacturing and building construction. HP practices sustainable building design to decrease these impacts. For example, two HP facilities received LEED® certification in 2012, and four more are due to be certified in 2013. Learn more in Sustainable building design on page 64.
Upstream energy production	400,000	Upstream emissions of purchased energy, from raw material extraction up to the point of combustion, as well as transportation and distribution losses in the grid.
Transport	3,700,000	Emissions from upstream and downstream product transportation and distribution, including retail and storage. To reduce impacts, we work to maximize the efficiency of our supply chain network, shift to less energy-intensive modes of transport, and influence our logistics service providers. Learn more in Transport on page 45.

Operations

Greenhouse gas emissions from HP operations are primarily due to facility energy use. We met our goal two years early to reduce absolute GHG emissions from HP-owned and leased facilities by 20% relative to 2005 levels by the end of 2013. This year, we set a new goal to decrease total GHG emissions from operations (Scope 1 and Scope 2) by 20% by 2020, compared to 2010. View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

Performance categories	Emissions [tonnes CO_2e]	Description
Facilities	1,756,000	Scope 1 and Scope 2 emissions associated with energy consumption, PFCs, and HFCs in facilities under HP's operational control. In 2012, we decreased these emissions 8% from our 2010 baseline. Learn more in Energy and GHG emissions on page 57.
Transportation fleet	133,000	Emissions associated with HP owned or leased vehicles. As part of the Clinton Global Initiative's Fleets for Change, we have committed to reducing GHG emissions from our U.S. auto fleet by 10% by 2015 from 2010 levels on a per-unit basis. Learn more in Travel on page 60.
Commercial air travel	320,000	Emissions associated with employee business travel by commercial aircraft. We promote digital communications such as video-conferencing as an alternative to travel when feasible and encourage less carbon-intensive forms of travel when possible. Learn more in Travel on page 60.
Employee commuting	900,000	Emissions from employee transportation between their homes and their worksites (in vehicles not owned or operated by HP) and teleworking. We promote programs in some locations such as ride-sharing, bike storage, and free shuttles from local public transportation to help employees reduce commuting emissions. Learn more in Travel on page 60.

[2] Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent one for which data are available.

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Products and solutions

More than half of HP's total carbon footprint is due to the energy our products and solutions consume during use. We reduced product energy consumption across our portfolio by 50% on average over five years, and we continually work for further improvement.[3] View complete data and goals in Data dashboard: Environment on page 67 and Goals on page 66.

Products and solutions categories	Emissions [tonnes CO_2e]	Description
Product use	47,100,000	Emissions associated with energy consumption of HP products across each of our major business groups, as well as the impact of paper and print cartridges. We work to design increasingly efficient products and solutions that help customers reduce the environmental impact of their operations and personal lives. Learn more in Use on page 46.
Product end of life	0	Emissions associated with the disposal and treatment of sold products. HP's product return and recycling programs, which recovered 159,550 tonnes of hardware and supplies in 2012, reduce and potentially make this impact net positive. For example, through our "closed loop" recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can then be used (along with recycled plastic from bottles) to make new cartridges as well as other metal and plastic products. Learn more in Product return and recycling on page 50.
Buildings leased to others	0	Emissions associated with the operation of assets leased to other entities. This amount is de minimis.
Investments	0	Emissions associated with corporate investments in business intelligence solutions, HP Labs, software, and certain business incubation projects. This amount is de minimis.*

* De minimis values are less than 0.25% of total Scope 3 emissions.

We have disclosed our Scope 1 emissions (mostly from fuel burned onsite and by employee-owned vehicles), Scope 2 emissions (from the electricity we purchase), and selected Scope 3 emissions in past years, for example first-tier production supplier GHG emissions based on supplier surveys. This year, we substantially expanded the categories of Scope 3 emissions reported to provide a more complete picture of our GHG impact as a company.[4] See the page 69 for full detail.

Our analysis followed the guidelines of the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council on Sustainable Development. Ernst & Young has reviewed the results and we detail our methodology and assumptions in HP's Carbon Accounting Explanations document. The results will inform our climate change strategy moving forward.

Beyond the impacts of our company, we realize it is essential to move toward a clean energy economy and are advocating for comprehensive climate action. HP is a signatory to the 2°C Challenge Communiqué, which calls for international government action to stabilize global average surface temperatures at a maximum of 2°C above preindustrial levels.

We also support the development and promotion of climate change policies through our participation in global and local organizations. For instance, we are working with WWF's Climate Savers program to set aggressive GHG emissions reduction goals for our company and also to help define effective HP and governmental policies to curb climate change. HP has hosted roundtables with other leading information and communications technology (ICT) companies to determine ways to collectively influence energy and climate policy.

[3] The average energy consumption of HP products was estimated annually between 2005 and 2010 using high-volume product lines representative of the overall shipped product volume. The high-volume product lines include notebook and desktop computers, Inkjet and HP LaserJet printers, and industry-standard servers.

[4] The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see www.ghgprotocol.org/calculation-tools/faq.

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Paper

HP has one of the industry's most extensive supply chains, and we are committed to the responsible sourcing and use of paper products. We also want to reduce the environmental impact associated with producing the paper that we sell. We work with leading environmental organizations to promote responsible forestry, increase the use of sustainably sourced paper, and encourage paper recycling. And as a leading supplier of imaging and printing equipment, we make it easy for our customers to reduce paper waste.

Our Environmentally Preferable Paper Policy details HP's principles for buying, selling, and using paper and paper-based packaging. We seek to source from suppliers who demonstrate responsible forestry and manufacturing practices. Our environmental strategy for packaging prioritizes renewable, recycled, and recyclable materials (see Packaging on page 44 for more information).

Responsible paper sourcing and sales

HP sells approximately 243,000 tonnes of HP-branded printer and copier papers annually. We require suppliers to verify the source of fiber used in HP-branded papers to ensure it is legally and responsibly sourced. We are working to increase both the percentage of postconsumer recycled fiber in HP-branded papers and our use of fiber that is certified as sustainable by the Forest Stewardship Council (FSC®).

HP is a member of the FSC, and we strongly encourage our paper suppliers to pursue FSC certification. We are on track to meet our goal of having 50% of HP-branded paper FSC-certified[5] and/or contain at least 30% postconsumer waste by the end of 2015. As of early 2013, 100% of HP Everyday Office Papers are FSC-certified in the Americas, as the new North American certification of the entire portfolio joins the existing FSC-certified portfolio of HP-branded office papers in Latin America. This makes HP one of the region's first major original equipment manufacturer (OEM) office paper brands[6] to offer a complete portfolio of papers that is entirely FSC certified. In addition, the majority of our photo and specialty papers have achieved FSC "chain of custody" certification (SCS-COC-002255), demonstrating that the fiber is responsibly sourced from forests that are managed to FSC principles and criteria.

An increasing amount of HP-branded papers use FSC-certified fiber. HP also participates in WWF's Global Forest & Trade Network (GFTN), through which we gain valuable expertise to help us achieve our responsible paper-sourcing goals. To learn more about certifications for HP-branded paper products, as well as the percentage of recycled content in our papers, see HP Eco Highlights Products.

In 2012 HP raised customer awareness about responsibly managed forests and FSC certified products through our sponsorship of the animated film *The Lorax*, which uses the Dr. Seuss character to encourage more responsible printing and paper use. Learn more.

Helping customers conserve resources

HP technology and services help customers use printing materials and paper more efficiently.

We enable customers to:

- Reduce paper and ink use through the HP EcoSMART Console and EcoSMART Fleet—online tools that provide usage data and options for saving energy and paper.
- Ensure optimum paper use through automatic two-sided printing, and by setting two-sided printing as the default across entire print fleets through tools such as HP Universal Print Driver and HP Web Jetadmin.
- HP Smart Print, free software that helps users print only the webpage content they need, reduces paper waste for print jobs using supported browsers.

Additionally, we are working to advance the analog-to-digital transformation of the printing and publishing industry, as well as in other commercial and industrial sectors that produce materials such as marketing materials and labels. A recent HP life cycle assessment showed that return rates for paperback books can drop from 30% to 5% or lower by shifting to digital printing, since shorter runs on a digital press are economically feasible and can be more closely matched to actual market demand for a book.

Optimizing paper use across HP

As well as helping customers use paper more efficiently, we are shifting to more environmentally sustainable printing and paper use across HP. Focus areas include:

- **Paper used in our offices** We use HP Everyday Papers—typically made from fiber procured through responsible forestry practices—for internal office printing. Two-sided printing is the default.
- **Paper shipped "in the box"** By changing specifications, reducing document length, and switching to electronic delivery (where legally permissible), we have eliminated the printing of 1.4 billion pages of product manuals, guides, and warranties included with our products, saving over 300 tonnes of paper (assuming printing on both sides).

[5] FSC (license code FSC®-C017543).

[6] According to NPD data 2012 (www.npd.com).

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- **Print on demand** We have switched to this approach for most of our sales and marketing literature, only printing materials when needed. This reduces storage requirements and paper waste associated with discarding obsolete documents.

Deinking research aids paper recycling

To support the shift from newsprint and offset printing to digital press, HP works to demonstrate the recyclability of digital prints. We are a leader in research in this area and actively promote industry-wide collaboration to improve ink, paper, and recycling processes as digital prints become a larger part of the paper recycling stream.

As a part of this effort, we have a research and development program focused on deinking printed paper for recycling. Deinking removes dirt, ink, and other contaminants and is particularly important when the deinked pulp is intended for use in high-grade recycled products.

In 2012, we worked with Arjowiggins Graphic in Europe on two successful deinking trials using printed paper from our HP Indigo digital presses. These trials resulted in the production of high-quality deinked pulp and further demonstrated that printed matter from HP Indigo presses can be deinked.

A major European deinking company, UPM, also published results in 2012 showing that our recently introduced A50 ink for the HP Color Inkjet Web Press product line has significantly improved deinkability over previous generations of HP ink. Furthermore, HP collaborations with deinking paper companies, combined with results from the independent test lab PTS (Paper Technology Specialists), enabled HP to conclude that over 30 papers printed on the HP Color Inkjet Web Press have demonstrated “Good Deinkability” as defined by the European Recovered Paper Council (ERPC) scorecard.

Employee engagement

Our employee engagement strategy in the environmental area is evolving rapidly. More than five years ago, we recognized that while it is imperative to engage our employees on sustainability issues, we have an even bigger opportunity to capitalize on their knowledge and enthusiasm to help customers change their behavior.

Around the world, HP creates opportunities for employees to learn about, demonstrate, and share beneficial environmental practices—while helping HP make a positive impact. The HP Sustainability Network is the centerpiece of this approach. With more than 3,000 members, it is one of the largest Employee Resource Groups at HP.

Hilde Allman

HP employee since 1983

As an HP Imaging and Printing Technology Consultant based in Mississauga, Canada, Hilde Allman works with customers to help them make choices about HP products. Through the Eco Advocates program, she also helps them identify ways to improve their environmental performance.

HP’s Eco Advocates program trains employees to discuss environmental issues with customers and demonstrate how HP’s environmental initiatives, products, and business solutions can help them reduce their impacts. Hilde has been involved in the program for eight years and has incorporated it into many facets of her work.

“Being an Eco Advocate has really enriched my knowledge of sustainability and the importance of doing the right thing from a corporate perspective,” says Hilde. “How can we improve our business processes to mitigate our environmental impacts? I spend a lot of time working with our customers to answer that question.”

HP provides a suite of tools that help users manage paper and printer energy use, and Hilde helps customers take full advantage of them. The suite includes duplex printing; pull-printing, a technology that holds a print job until a user comes to pick it up; Intelligent Print Management, which helps enterprise customers select sustainable printing options; and Smart Web Printing, which allows users to select areas of a web page for printing.

Hilde also directs customers to HP’s Carbon Footprint Calculator, which enables them to calculate their own impacts, and to the HP Planet Partners Program, which helps customers recycle computer equipment, printing supplies, and other items.

“I’m very proud of the fact that HP has taken a leadership position in the area of sustainability,” she says. “It differentiates us as a company.”

For Hilde, the rewards of being an Eco Advocate are immeasurable—including opportunities to team up with colleagues at HP she might not otherwise have met and sharing her knowledge with top enterprise clients. She also has collaborated with organizations such as World Wildlife Fund (WWF), participating in WWF’s Living Planet @ Work championed by HP, and helps to drive sustainability initiatives at the Canadian Head Office HP campus where she works.

Hilde knows her work has had an impact. “I have a tremendous sense of accomplishment from participating in Eco Advocates and from being able to share what I’ve learned with my colleagues and knowing that we are making a difference.”

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Chapters of the Sustainability Network in 14 countries, led by a global steering committee, coordinate efforts to engage employees on sustainability issues, such as alternative commuting programs, electronics recycling, volunteering initiatives, on-site composting, educational workshops, and site events. During 2012, 36 sites ran World Environment Day or Earth Day events attended by thousands of employees.

Many of the Sustainability Network chapters have Bicycle Users Groups, which run initiatives for employees ranging from seminars on safe cycling and bike maintenance to employee bike share programs.

Expanding on our efforts in this area, in 2008 we launched the second phase of our environmental employee engagement plan—our Eco Advocates program—through which our sales teams help customers reduce their impacts. In 2012, we educated more than 1,500 employees in this area, mainly through webcasts. We also provided materials in two more languages in addition to the original offerings in English, furthering the program's reach in Europe, and created podcasts that have been widely used by our sales teams worldwide.

In 2011, we began the third phase of our strategy, which will expand engagement beyond our customers to focus on sharing our expertise in this area with other businesses. We are championing WWF's Living Planet @ Work employee engagement program to offer free guidance and web content to hundreds of businesses on how to drive employee engagement on environmental sustainability. As of March 2013, 495 companies have signed up to the program, and we are exploring potential opportunities to expand program delivery to other regions. As part of Living Planet @ Work, in 2012 we ran a Change the Equation campaign in Canada which supports and celebrates the efforts of companies to produce their first sustainability reports.

"The HP Eco Advocates Program provides me with a wide range of opportunities to work on projects at HP and in my community. It connects the dots for people to live and work sustainably. Small business owners I have worked with through this program are impressed by HP's commitment to the environment and want to find ways to implement similar programs within their businesses."

—Wendy Wheeler, R&D manager, HP Software

Goal

Paper

2015 goal	Progress
50% or more of HP-branded paper will be FSC-certified or have at least 30% postconsumer waste content by the end of 2015.	We are currently at over 40% and on track to meet this target.

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Products and solutions

HP's products and solutions help customers achieve more with fewer resources and less waste. We work to minimize the environmental footprint of products and solutions across our portfolio—from single-user personal computing devices and printers to enterprise servers, storage and networking equipment, and data centers.

We consider the entire life cycle to identify opportunities to improve environmental performance, from the earliest stages of development through manufacturing and customer use to end of life. We deploy insights from research and development, life cycle assessment, and stakeholder consultation to inform product design and foster innovations in materials use, manufacturing, and transport.

Our services help enterprise customers measure and manage resource consumption and carbon emissions across their processes and operations.

up to 89%

less energy used by HP Moonshot system compared to traditional servers*

up to 50%

less energy used by HP OfficeJet Pro 8600 e-All-in-One series, HP OfficeJet Pro 8100 ePrinter, and HP Officejet Pro X Series printers than the majority of comparably priced laser printers**

>90%

recyclable, by weight (most HP PCs, printers, and servers)***

* According to internal HP engineering that compares HP Moonshot servers with traditional x86 server technology.

** Majority of color laser printers <$800 USD and color laser MFPs <$1,000 as of August 2012. Energy use based on HP and HP commissioned third-party testing. Actual cost and energy usage may vary. For details, see www.hp.com/go/officejet. HP OfficeJet Pro 8600 e-All-in-One series compared with majority of color laser AiOs <$600 and HP OfficeJet Pro 8100 ePrinter compared with majority of color laser printers <$300, March 2011. HP OfficeJet Pro X Series compared with majority of color laser printers <$800 and color laser MFPs <$1,000, August 2012.

*** Calculated using HP's Recyclability Assessment Tool.

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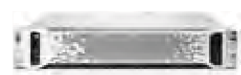
- HP Energy and Sustainability Management (ESM) addresses the use of energy, water, and other resources across a customer's organization.
- Critical Facilities Services (CFS) focuses on improving data center energy consumption and efficiency, as well as water usage.
- HP IT Infrastructure Consulting Services help organizations decrease the physical footprint of their IT and adapt energy efficient technologies.
- HP Carbon Emissions Management Service helps customers calculate, record, and analyze energy use and carbon emissions across their IT infrastructure—from desktop to mainframe.
- HP Carbon Calculator allows customers to calculate the energy and carbon dioxide equivalent (CO_2e) use of PC and printing products for both individual products and product fleets.

To learn more about environmental innovation across the infrastructure, software, services, and solutions HP offers, visit our EcoSolutions page.

Sustainability initiatives across the life cycle

Learn more below about how HP approaches sustainability at each stage of the life cycle to improve environmental performance, illustrated by recently released next-generation innovative PC, printer, and server products.

Improving environmental performance across the life cycle

Life cycle stage	HP t410 All-in-One Smart Zero Client	HP OfficeJet Pro X Series Printers	HP ProLiant Gen8 Servers
			
Research, development, and design Across HP, we conduct research and development on products and solutions—from ink cartridges to data centers—that require less energy, use more sustainable materials, and are easier to recycle than the previous generation of HP products.	ENERGY STAR® qualified EPEAT® Gold registered* Design collaboration with 3M Display Solutions to utilize new light-amplification film technology to enable usable display brightness on reduced power budget	ENERGY STAR qualified EPEAT Bronze registered Uses thin-wall molded parts to decrease product weight	ENERGY STAR qualified Toolless access aids servicing, life-extension maintenance, and end-of-life dismantling
Materials and manufacturing We collaborate with our manufacturing partners and suppliers to understand, reduce, and report the environmental impact of product manufacturing. Read more about the environmental performance of our production and nonproduction suppliers in Environmental impacts on page 81.	Manufactured at supplier facilities that participate in HP's Energy Efficiency Program Manufactured using low-halogen materials and with 10% postconsumer recycled plastic (by weight)	Manufactured at supplier facilities that participate in HP's Energy Efficiency Program Manufactured with 5% postconsumer recycled plastic from recycled HP printers	Manufactured at supplier facilities that participate in HP's Energy Efficiency Program
Packaging and transport We strive to develop more sustainable packaging options and make product transport choices that decrease fuel use and associated greenhouse gas emissions.	Surface transport within the United States and Canada uses a 100% SmartWay carrier network**	Efficient package design incorporating 75-85% recycled content fibers Cushion size minimized to only 2-3% of total package weight, while providing excellent product protection Surface transport within the United States and Canada uses a 100% SmartWay carrier network**	Eliminated some packaging altogether by using racks to provide required protection between manufacturing sites and to customers Use of 100% recycled thermoformed cushions Surface transport within the United States and Canada uses a 100% SmartWay carrier network**
Use We make it easy for customers to reduce their environmental impact by improving the energy efficiency and resource consumption of our products and solutions.	Provides the same performance as a traditional PC but runs on just 13 watts of power Most of the computing work occurs on servers, so HP Zero Clients typically have a longer life cycle than desktop PCs, reducing the frequency of replacement	Using page-wide print array technology, achieves printing speed comparable with color laser printers with low energy consumption Uses less than one watt of energy in off mode	Consumes 10% less energy and achieves 1.7 times the computing power per watt compared to the HP ProLiant G7 server Energy efficiency features: • Technology that adjusts power and cooling dynamically • Location-aware racks and servers, intelligent power distribution units, and rack-level power capping
Return and recycling We work with a global network of vendors in 69 countries and territories worldwide to collect, process for resale, and/or recycle returned products, as well as to qualify recycled materials for use in new products.	Designed to be more than 90% recyclable by weight***	Designed to be more than 94% recyclable by weight*** Supplies are recyclable	Designed to be more than 90% recyclable by weight*** Toolless access reduces time required to service, install, and remove components and dismantle at end of life***

* EPEAT Gold registered models of this product are available where HP registers thin client computers.
** Certification based on actions to reduce transportation-related emissions.
*** Using the HP Recyclability Assessment Tool.

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Life cycle assessment

HP increasingly uses life cycle assessment (LCA) to better understand and provide guidance for reducing the environmental impacts of our products. LCA covers every stage of a product's life, from raw materials extraction through manufacture, transportation, and use, to end-of-life recovery or disposal.

We follow the International Organization for Standardization's ISO 14040/14044 and ISO 14025, which define universal standards for LCA methodology. In 2012, we conducted LCAs of more than 50 printing products to better understand how we can reduce environmental impacts across our product portfolio.

We use insights gained through LCAs to:

- Assess our current materials, packaging, and products; model alternatives; and target areas for improvement
- Develop tools to estimate the carbon footprint of our products
- Determine which processes, components, and materials have the greatest environmental impact and prioritize these for analysis, with the goal of reducing these impacts
- Develop metrics to help product designers compare design options
- Support Design for Recycling initiatives

Collaboration

HP is working to enhance product environmental comparability across the IT industry. This will help customers make choices using objective information. We believe a transparent and universally accepted approach to LCA and product carbon footprint (PCF) assessment is needed.

We collaborate with other industry leaders, academia, nongovernmental organizations, and governments to develop standardized LCA and PCF methodologies as well as to promote and share best practices. Working with the IT industry also helps us to better understand and reduce the environmental impacts of our shared supply chains.

Examples in 2012 included:

Electronic Industry Citizenship Coalition We launched a pilot PCF project in which key HP suppliers and other original equipment manufacturers will develop guidance documents for collecting LCA data by component or product.

PAIA Consortium The Product Attribute to Impact Algorithm (PAIA) methodology is an approach to streamlined LCA that aims to provide an efficient and cost-effective estimate of the carbon impact of a product class, including notebooks, desktops, and LCD monitors. PAIA was developed by collaboration between the Massachusetts Institute of Technology's Materials Systems Laboratory and equipment manufacturers, suppliers, government organizations, and NGOs.

International Organization for Standardization (ISO) As a member of ISO's graphic technology committee working group, we contributed to completion of a commercial printing PCF standard, ISO 16759, and the carbon footprint of print media products standard, ISO 14067. Both are due to be published in 2013.

Underwriters Laboratories Environment We completed product category rules for printers and imaging products.

Progress in 2012

Printing product assessments

In 2012, we completed life cycle assessments on 53 HP LaserJet printers, one Inkjet printer, and one scanner. The results show the dominance of printer use in overall life cycle impacts, particularly paper consumption, and underscore the importance of past and current efforts to reduce energy consumption and optimize for duplexing. We continue to conduct LCAs on other scanner products. We have engaged PE International to develop Environmental Product Declarations (EPDs) for all printing product LCAs. An EPD is a summary of the LCA that communicates the results in a simplified format developed in line with ISO 14025.

Instant Ink Program

HP Instant Ink replacement service allows customers to sign up to receive new ink cartridges delivered to their door before they run out. Customers who use the HP Instant Ink service and mail their used HP ink cartridges in the postage-paid return envelopes can reduce the carbon footprint of purchase and disposal of HP ink cartridges by up to 75%.[1]

Challenges

Although HP uses the best available data and industry standard methodologies, LCA has limitations for assessing IT equipment due to the amount of uncertainty in results. This uncertainty stems from the use of different methodologies and assumptions, the lack of accurate and consistent life cycle data, and product complexity. The rapid rate of technological innovation and the large number of suppliers for some products also pose challenges. HP is working to reduce the uncertainties that limit the reliability, consistency, and comparability of LCAs.

[1] Based on a 2012 study commissioned by HP performed by Four Elements Consulting. Analysis includes the CO_2 equivalent associated with customer trips to purchase ink cartridges at a retail store versus delivering directly to a customer's house, and it includes recycling empty ink cartridges versus throwing them away.

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Research and development

At HP, we help customers achieve more with less through cutting-edge research and development (R&D) that includes the exploration and application of innovative technologies and services for a more sustainable world.

Innovation and R&D occur throughout our business groups as well as at HP Labs—HP's central research organization—and are essential to our ongoing ability to deliver leading products and services. Our researchers work internally and in collaboration with leading universities, governments, and companies worldwide to develop breakthrough solutions for businesses and customers.

At HP Labs, we look at emerging trends to understand where our industry—and our world—is headed; invest in an ambitious research agenda for tomorrow; and build a pipeline to fuel the next generation of HP products, services, and solutions, delivering breakthroughs that can transform current businesses and create new ones.

Sustainability innovation takes place across many of our research areas and has contributed to a variety of sustainable technologies and solutions—ranging from breakthroughs in energy-optimized computing systems to a leading deinking method for recycling digitally printed materials.

Progress in 2012

Net-Zero Energy Data Center

In 2012, our sustainable data center project unveiled the architecture for the first HP Net-Zero Energy Data Center. The technology combined local renewable energy and cooling sources with a demand-management approach that scheduled IT workloads based on resource availability and performance requirements. At the HP Labs test bed in Palo Alto, California, deployment of the net-zero data center technology was found to use 30% less power overall and 80% less energy from the traditional utility grid. The remaining energy used from the traditional grid was offset by photovoltaic power generated onsite. By decreasing dependency on nonrenewable energy, our model reduced challenges related to location, energy supply, and energy costs, holding the potential to increase access to data centers and related IT services in parts of the world where access to energy is limited.

National Renewable Energy Laboratory (NREL) demonstration project

In 2012, the U.S. Department of Energy's National Renewable Energy Laboratory (NREL) selected HP as one of two companies to provide a new High Performance Computing (HPC) system. The system advances renewable energy innovations and energy efficient technologies. Through this groundbreaking project, NREL is exploring innovative new ways to power and cool data centers.

Amip Shah
HP employee since 2007

Amip Shah, based in Palo Alto, California, spends a lot of time gazing into the future. As a principal research scientist at HP Labs, his job requires him to imagine how the cities of tomorrow will look. He often wonders: How will cities function in a world where sustainable, efficient systems are a necessity and everybody and everything is interconnected? What sorts of technologies will support them? How will the avalanche of data from smart appliances, buildings, and grids be managed?

The answers may lie in a city with a seamlessly integrated technology infrastructure, equipped with sensors delivering real-time data that allow efficient optimization of environments. Cooling a room right before its occupants get too warm, gradually brightening streetlights as the sun begins to set, irrigating green space when the soil turns dry (and not moments before an anticipated rain), improving quality of life while reducing waste. This vision is not far away.

"In the future, it's not going to be enough to separately build a thermostat, a smart phone, and a building management system," says Amip. "All of these will need to be integrated together to create customizable, personalized, efficient, and sustainable buildings. Our customers will want full solutions... it's not about a single piece of technology, or a single device. It's about bringing it all together."

This vision of future cities grew out of life cycle assessment and real-time environmental control systems that HP Labs had developed for data centers—taking into account carbon emissions, water use, resource consumption, and human health impacts to analyze and manage a data center's environmental footprint from cradle to cradle. He and his colleagues quickly realized that the approach had broader implications and could also be used in buildings and even cities. Amip and the HP Labs team are already conducting pilot programs.

Working with a multidisciplinary team mapping out sophisticated solutions to complex problems puts Amip right where he wants to be. "I work with people who are experts in product design, control theory, data mining, machine learning, and engineering. I am really driven by the opportunity to learn and to work on complex problems," says Amip. "Working with this team, I learn something new every day."

The heat generated from running the HPC system will be reused to heat office space and labs. This heat recycling, together with other efficiencies, such as eliminating water consumption in cooling and increasing hot water generation to heat adjacent buildings, are expected to reduce NREL's overall energy costs. The system will initially include HP ProLiant SL230s and SL250s Generation 8 (Gen8) servers, followed by HP's next generation HPC platform. NREL will be the first customer to deploy this new technology in 2013.

Resource Management as a Service (RMaaS)

In 2012, HP also pursued scalable and customizable solutions to help cities more efficiently manage resources such as electricity, gas, water, and waste across residential, commercial, and industrial facilities. Through the Resource Management as a Service (RMaaS) project, we explored smarter resource management solutions at our own HP Labs facilities in Palo Alto, California. In 2012, we developed and installed an integrated hardware, software, and services monitoring prototype into one of the site buildings. The "smart metering" infrastructure provided real-time information about energy consumption, enabling remote control of energy use down to a single desk light. The new system significantly reduced energy consumption in the pilot building—for example, it increased lighting efficiency by 30%.

Design

We apply sustainability principles throughout the product life cycle, beginning with design. This reduces our corporate environmental impact and helps our customers reduce theirs.

In 1992, HP adopted a pioneering company-wide Design for Environment program that considers environmental impact in the design of every product and solution, from the smallest ink cartridge to an entire data center. Over the past 20 years, the program has led to innovations in material selection for products and their packaging, as well as in product transportation, use, and return and recycling capabilities. More than 50 environmental product stewards work alongside our design teams in a concerted effort to improve product performance, measure progress, and communicate our results.

We apply the same holistic design approach to our information technology (IT) infrastructure and data center services for enterprise customers. We design complex IT systems to help organizations consume less energy, reduce greenhouse gas emissions, conserve water, and operate more efficiently.

Progress in 2012

Project Moonshot

One of our groundbreaking design initiatives is Project Moonshot, a multiyear, multiphase program first launched in November 2011 to develop a new generation of extreme low-energy and high-density servers. The mission is to respond to four technology megatrends—social, mobile, cloud, and big data—and deliver innovations in server design that revolutionize energy use, density, cost, and complexity. We are pursuing this through the collaborative HP Pathfinder Innovation Ecosystem, which includes third-party computing, storage, networking, and software technology providers to contribute their innovations to HP Moonshot.

In April 2013, we brought the latest innovation from HP Labs and our Enterprise Group to market: the first commercialized product and the second generation of our HP Moonshot servers. We expect this to revolutionize the economics of the data center with an entirely new category of software defined server architecture that for targeted workloads consumes up to 89% less energy and uses 80% less space, and costs 77% less than a traditional server environment.[2] If just 10 large web services providers switched their traditional servers to Moonshot, they could save a combined $120 million in energy operating expense and more than 900,000 tonnes of CO_2e emissions annually. This would be the equivalent of taking over 180,000 cars off the road for a year.

Customers and partners can explore the new extreme low-energy, software-defined HP Moonshot servers at the HP Discovery Lab, which opened in Houston, Texas, in January 2012. Participants can investigate, test, and optimize applications in a secure and confidential environment to determine which computing infrastructure is best suited to their applications. The site is accessible in person or online and staffed by HP technology experts available for consultation and support.

Design for recyclability

We're making it easier for customers to reduce waste by designing easily recyclable products. Where feasible, we use common fasteners and snap-in features to avoid applying glues, adhesives, or welds. This makes it easier for recyclers to dismantle, separate, and identify different plastics.

Most HP PCs, printers, and servers are more than 90% recyclable, by weight.[1] In addition, HP workstations and the Elite and Pro series desktop PCs have a chassis that can be easily disassembled without using any tools. This makes it simpler to upgrade the computers and extend their useful life as well as facilitating recycling.

To enhance the recyclability of paper, we also work with industry partners to improve ink removal from printed paper through research into innovative inks, additives, paper design, and deinking processes. See Paper on page 32 for more information.

[1] Calculated using HP's Recyclability Assessment Tool.

[2] According to internal HP engineering that compares HP Moonshot servers with traditional x86 server technology.

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HP Latex Inks and A50 Inkjet Web Press Inks

In 2012, HP Latex Inks and A50 Inkjet Web Press Inks became the first in the industry to achieve Sustainable Product certification from Underwriters Laboratories, an independent safety science company. The water-based inks used in HP commercial color Inkjet printing systems meet a range of stringent criteria related to human health and environmental considerations, including low volatile organic content. The inks do not require special handling, contain no materials requiring hazard warning labels, and are nonflammable and noncombustible.

Technology Services: Data Center Consulting

Our customers demand the highest performance from the most efficient data centers to minimize capital and operational expenditure and achieve the lowest possible energy consumption and carbon footprint.

HP Data Center Consulting (DCC) embraces IT infrastructure, Critical Facilities Services (CFS), and Cloud Consulting. DCC fully integrates the IT and facilities technologies that define data center performance, enabling customers to manage IT and facility infrastructure as a single entity. We help customers achieve a standardized and streamlined operational strategy that can decrease physical footprint (such as power and cooling infrastructure) and improve environmental performance while enabling much greater operational efficiency.

IT infrastructure

HP's IT infrastructure Services team helps customers define and implement their infrastructure strategy. This includes migrating, upgrading, consolidating, virtualizing, automating, managing, securing, and cloud-enabling IT data center assets. In addition to improving performance, each of these activities can enhance energy efficiency and decrease related GHG emissions. We provide services across servers (see ProLiant8 case study), storage, networking management, and security.

HP Converged Infrastructure, which provides a seamless experience in virtualization, cloud computing, and data management, is central to our approach. The converged platform brings together the key elements of computing—networking, power and cooling, servers, storage, and management—into one consolidated infrastructure, enabling customers to reduce costs and improve efficiency in energy consumption, resource use, and space utilization.

Critical Facilities Services

HP Critical Facilities Services (CFS) provides customers with strategic consulting, design-build expertise, and operational assurance resources to build highly efficient new facilities and upgrade existing data centers. CFS has designed more than 50 million square feet of energy efficient data centers. Through Energy Efficiency Analysis, CFS compares customers' energy use efficiency to industry best practices and recommends improvements. CFS also helps customers achieve prominent energy-efficiency certifications such as LEED® and ENERGY STAR® for Data Centers. In addition, the team contributed to the U.S. Department of Energy's "Save Energy Now" data center tools and provides assessments in support of that initiative. As of April 2012, our team had designed more than 60% of all LEED-certified data centers worldwide.

For example, in 2012 HP CFS worked with the University of Iowa (UI) to design the first LEED Platinum educational institution data center, the Information Technology Facility. The facility consolidates two data centers with room for additional servers currently scattered across the campus, as well as space for high-performance research computing. The facility is a part of UI's 10-year commitment to energy conservation and campus sustainability. Learn more about UI's 2020 Vision.

We also help customers plan and manage growth in a data center. Instead of overbuilding in anticipation of future demand, HP's flexible data center provides a modular system that allows the facility to expand in stages, so the size of the facility always closely matches the demand. This approach can employ capital expenditure more efficiently, cut energy costs, and reduce GHG emissions.

Managed and outsourcing services

HP offers ongoing data center management and infrastructure services at the company's energy efficient and ISO-certified data centers. We optimize our data centers to support a combination of cloud, traditional IT, and in-house solutions for hundreds of clients worldwide.

Design for accessibility

We strive to create products, solutions, and online materials that are accessible to everyone, including people with disabilities and seniors with age-related limitations. Our product design teams explore ways to enhance usability, productivity, user comfort, and accessibility. Examples of accessibility features on HP products include buttons identifiable by touch, ports and switches positioned within easy reach, and large adjustable displays. Our customer support programs incorporate assistive technologies such as Telecommunications Relay Service, Video Relay Service, and Web Captioned Telephone Service to help users who are deaf or hard of hearing. We also participate in the development of worldwide standards and policies through industry and government efforts to improve the accessibility of information and technology for people with disabilities.

See the HP Accessibility website for more information and examples.

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HP Performance Optimized Data Centers

HP Performance Optimized Data Centers (HP PODs) are a portfolio of modular data centers that help enterprises rapidly and efficiently expand data center capacity and meet increasing service-level agreements. Compared with traditional brick-and-mortar data centers, HP PODs help customers scale capacity more quickly on demand, reduce capital expenditures, and use less space.

Customers can have their IT configured, loaded, cabled, and tested using HP Factory Express to help ensure quality, increase deployment speed and lower cost, while saving on unnecessary onsite labor and materials associated with unboxing and assembling and testing. HP is one of the few qualified global suppliers that can offer customers this integrated approach, saving up to 50% in total cost of ownership over traditional data center deployments.

Cloud consulting

Depending on customers' business needs and service model requirements, we support a wide range of professional services solutions, from traditional private data center designs to cloud frameworks (private, public, or managed). Regardless of the operational model, there are always requirements to deploy highly streamlined and consolidated IT infrastructures and critical facilities environments to enhance efficiency and improve overall environmental performance. Some of our services in this area include Converged Cloud Workshop, Cloud Roadmap Service, Cloud Design Service, and Cloud Implement Service.

Supporting industry efforts

HP also supports international efforts to improve the environmental performance of the IT industry. For example, HP reviewed and contributed recommendations to the data center section of the International Telecommunication Union "Guidelines for Environmental Sustainability for the ICT Sector," released in November 2012.

See numerous additional examples of innovative designs for products and solutions that enhance environmental performance on the following pages: Products and solutions on page 35, Materials on page 41, Packaging on page 44, and Use on page 46.

Materials

HP evaluates environmental impact across the product life cycle when selecting materials for use in our products. Our objective is to minimize environmental impacts and any potential for human health impacts. We design products to use less material, and we seek alternatives to substances of concern. We strive to use recycled materials when possible, and we comply with all relevant government regulations wherever we do business.

Using less material

Through innovations in technology and product design, HP works to use materials more efficiently in product manufacture and also to help customers optimize paper and supplies consumption. For example, HP thin client computing devices can require up to 65% less material to produce and ship than HP's smallest commercial desktop PC.

For the first time, we are reporting the estimated weight of materials used in HP high-volume computers and printers normalized by company revenue. These data will provide a baseline to measure progress in coming years.

Estimated materials use in HP high-volume computers and printers, 2012 [tonnes/$ million USD of net revenue]*

	Metal	Plastic	Wires/ cables	PCAs	LCDs	Batteries
Computers	6.2	2.6	0.84	0.81	1.6	0.34
Printers	8.3	10.7	0.41	0.74	0.12	-

* Estimates are based on several specific computer and printer products that are representative of the main HP product categories. Estimates for computer volumes do not include servers. Estimates for printer volumes do not include graphic arts, industrial, or webpress printers, or ink or toner cartridges.

Nanotechnology

Nanotechnology holds long-term promise for creating electronics applications that require fewer materials and consume less energy. Since 1995, HP Labs has led research in the areas of nanoarchitecture, nanoelectronics, nanomechanics, and nanophotonics. Outcomes of this research include advances in memristor-based computer memory, which has the potential to run 10 times faster and use 10 times less power than an equivalent flash memory chip.

We recognize that properties of matter can depend on size and shape at the nanoscale level. We consider potential health and safety issues of nanostructured materials as an integral part of our research program that seeks to find applications for such materials in our business. In 2012, HP developed a nanomaterial risk assessment tool to help assess and manage health and safety risks associated with the use of these materials. The tool helps determine the best way to handle hazards using previous findings and applications and accounting for potential incomplete information on health hazards and exposure scenarios.

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Evaluating substances of concern

HP proactively evaluates materials of concern. We may restrict substances because of customer preferences, legal requirements, or because we believe it is appropriate based on a precautionary approach. When scientific analysis reveals a potential impact to human health or the environment, we seek to replace substances with commercially viable alternatives. Following the principle of informed substitution, HP carefully assesses the environmental, health, and safety risks of these alternatives.

Implementing HP materials restrictions

To help ensure HP meets legal requirements as well as our own materials standards, we follow a compliance process that has three key pillars:

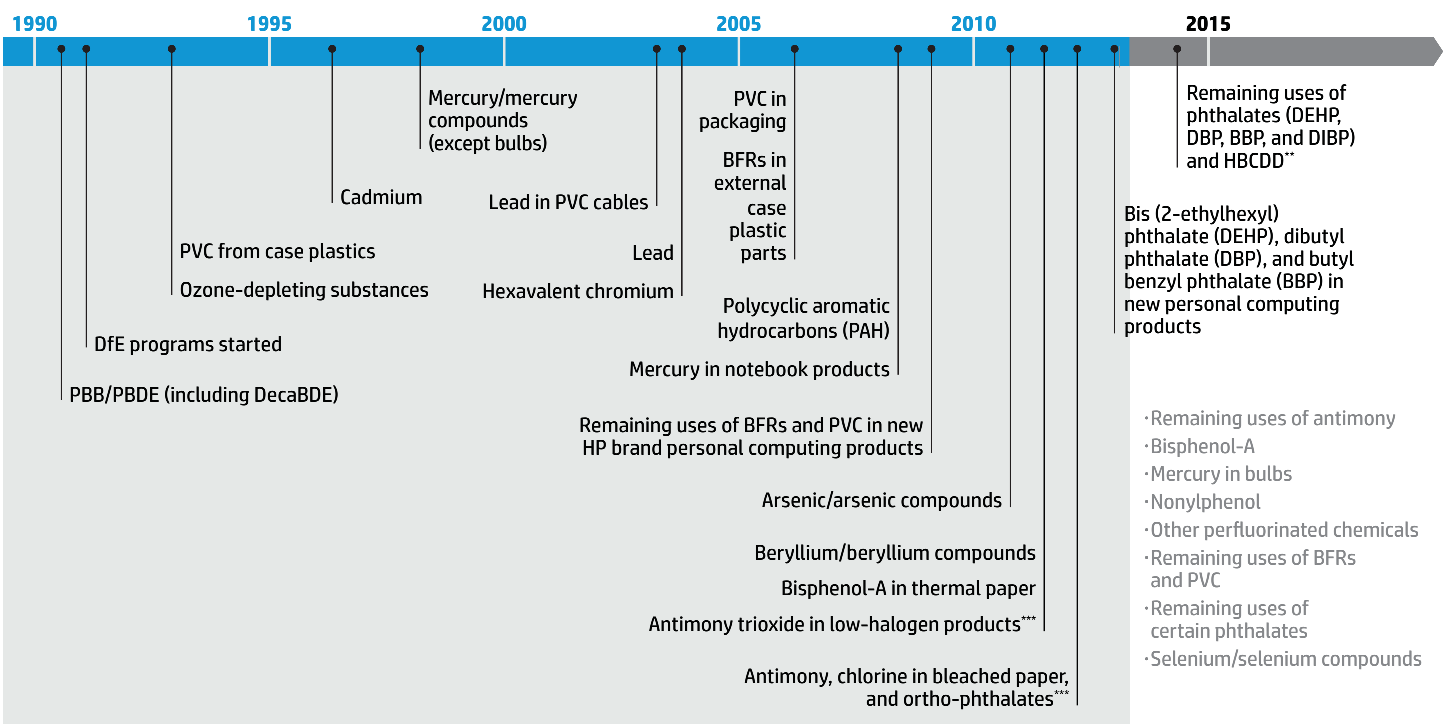
- **The HP Supplier Safe and Legal Standard** provides a consistent management system standard for the design, manufacture, and delivery of products. It specifies how to meet product regulations concerning restricted materials and other regulated areas including electromagnetic compatibility, safety, telecommunication authorization, and energy efficiency.
- **The HP General Specification for the Environment (GSE)** includes substance and materials requirements for parts and components that are used in HP products, packaging, and manufacturing processes.
- **The HP Active Verification Materials Testing Specification** defines our requirements for testing materials used in HP products for specific substances restricted under the GSE.

Phasing out phthalates, BFRs, and PVC

In 2012, we added restrictions to the HP GSE on the use of certain phthalates in plastic parts in HP products. We are considering additional future restrictions.

HP is working to phase out halogens, which include brominated flame retardants (BFRs) and polyvinyl chloride (PVC), where technically feasible in new products. For example, 96% of HP Compaq business PCs and HP notebooks launched since 2011 are low-halogen as defined by the International Electronics Manufacturing Initiative (iNEMI).[3]

HP product proactive materials restriction/substitution timeline*



* Dates refer to when proactively adopted materials restrictions were first introduced on an HP product, ahead of regulatory requirements. Materials in gray text beyond April 2013 have been identified by stakeholders as potential materials of concern. Future possible restriction of those materials depends, in part, on the qualification of acceptable alternative materials. For a comprehensive list of HP's materials restrictions, including numerous materials restricted by HP on a worldwide basis in response to regional regulations, refer to HP's General specification for the environment.

** Limited to products within the scope of the EU RoHS Directive.

*** These requirements apply only when specified by the HP Business.

[3] In accordance with the "iNEMI Position Statement on the Definition of 'Low-Halogen' Electronics." Plastic parts contain < 1,000 ppm (0.1%) of bromine [if the Br source is from BFRs] and < 1,000 ppm (0.1%) of chlorine [if the Cl source is from CFRs or PVC or PVC copolymers]. All printed circuit board (PCB) and substrate laminates contain bromine/chlorine total < 1,500 ppm (0.15%) with a maximum chlorine of 900 ppm (0.09%) and maximum bromine being 900 ppm (0.09%). Service parts after purchase may not be low-halogen. Power supply and power cords are not low-halogen.

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Assessing alternative materials

When replacing substances of concern, we seek to identify alternatives with a reduced risk of potential human health and environmental impacts, and that also meet our performance and cost criteria. To support these objectives, we have developed an integrated assessment approach to analyzing potential materials replacements. Established in 2007, our approach begins with a hazard-based screening to help rule out alternatives that are of equal or greater concern than the substances they would replace. This screening is based on the GreenScreen™ for Safer Chemicals framework developed by the nongovernmental organization (NGO) Clean Production Action.

Integrating the GreenScreen framework into our overall alternatives assessment protocol has enabled HP to more easily select replacement materials with a reduced risk of human health and environmental impacts. Since the program began in 2007, we have completed more than 160 assessments of materials that account for more than 80% of the weight of our products, including for low halogen power cords, brominated flame-retardant alternatives, and general plastic resins, as well as for cleaners used in the manufacturing process. We are also implementing an alternatives assessment program for solder paste and fluxes. See the articles “Reducing Risk by Reducing Hazard – Use of Chemical Hazard Screening as the First Step in the Assessment Process”[4] and “Hewlett Packard‘s Use of the GreenScreen™ for Safer Chemicals”[5] to learn more about HP’s approach.

We collaborate with suppliers and industry associations to create market demand for materials with reduced human health and environmental risk. If acceptable alternatives do not yet exist, we work closely with suppliers to develop formulations that meet HP’s specifications.

HP also advances the industry-wide elimination of substances of concern by working with external stakeholders to promote the integration of the GreenScreen tool into eco label certification and government regulation. In 2012, we continued to participate in the Green Chemistry and Commerce Council plasticizer alternatives assessment project, which employs GreenScreen. HP is an active member of the Business-NGO Working Group for Safer Chemicals and Sustainable Materials, which published the chemical alternatives assessment protocol that other industries can use to improve their materials selection processes.

Using recycled materials

HP continues to expand the use of recycled materials in its products. Examples from 2012 include:

- The HP Deskjet 3050A e-All-in-One printer, manufactured with 25% postconsumer recycled plastic
- The HP Compaq Pro 6300 desktop PC, manufactured with 37% postconsumer recycled plastic

Through our “closed loop” recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can then be used to make new cartridges as well as other metal and plastic products. Over the past two years, HP has shipped 600 million Inkjet cartridges containing recycled plastic from this process.[6]

In 2012, HP initiated a pilot program to use recycled content plastic recovered from our hardware recycling facilities in new HP electronic products. In partnership with an HP electronics recycling supplier and a recycled plastics compounder, we developed a recycled resin, acrylonitrile butadiene styrene (rABS) in three colors. We determined the resin to be an appropriate material for use in internal printer components and external case parts. The HP OfficeJet Pro X series Inkjet printer, released in early 2013, is the first HP product manufactured with rABS (5% of the product’s total plastic by weight). HP plans to expand the program to cover additional colors, materials, and printers in 2013.

Supporting and advocating for relevant government regulations

HP complies fully with materials regulations worldwide that are applicable to IT products. We were among the first companies to extend the controls in the European Union Restriction of Hazardous Substances (RoHS) Directive to our products worldwide through the HP General Specification for the Environment (GSE). We also provided key inputs to related legislation in Europe, as well as China, India, Korea, and Vietnam.

We believe the RoHS Directive and similar laws play an important role in promoting industry-wide elimination of substances of concern. We are working with the industry to advocate for the inclusion of additional substances—including PVC, BFRs, and certain phthalates—in future RoHS legislation covering electrical and electronics products. (See our compliance statement.)

HP also complies with the European Union’s Registration, Evaluation, Authorisation, and Restriction of Chemical substances (REACH) legislation, which sets requirements for assessing and managing risks posed by chemicals. We accomplish this by working closely with suppliers to gather information on listed substances that may be in HP

[4] Wendschlag, H.; Robertson, C.; Holder, H.; Wray, C., “Reducing Risk by Reducing Hazard – Use of Chemical Hazard Screening as the First Step in the Assessment Process,” Electronics Goes Green 2012+ (EGG), Berlin, 9-12 Sept. 2012.

[5] Holder, H.A.; Mazurkiewicz, P.H.; Robertson, C.D.; Wray, C.A., “Hewlett Packard‘s Use of the GreenScreen™ for Safer Chemicals,” Chemical Alternatives Assessments (Issues in Environmental Science and Technology), R.M. Harrison (Editor), R.E. Hester (Editor), RSC Publishing, available May 2013, http://www.rsc.org/Shop/books/2013/9781849736053.asp.

[6] The recycled plastic used in Inkjet cartridges also contains recycled plastic from bottles.

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product materials and providing related safety information to customers. We have completed the necessary substance registrations required by May 2013 and have already begun the registration process for the next deadline in May 2018.

HP's comprehensive approach to regulatory compliance also includes due diligence for some minerals used in our supply chain. The minerals of concern are the raw materials for tin, tantalum, tungsten, and gold. Beyond regulatory requirements, we are working with a range of stakeholders to help ensure that conflict minerals—minerals originating from the Democratic Republic of Congo (DRC) and its neighbors—do not directly or indirectly fund groups responsible for human rights abuses in the DRC (see Conflict minerals on page 96).

Packaging

Innovation in packaging design provides the opportunity to significantly reduce environmental impacts. We continually work to improve all environmental performance aspects of packaging while achieving adequate product protection, respecting regulatory requirements, and managing cost.

We include environmental considerations in our guidelines for our packaging suppliers, encouraging them to create more innovative and environmentally responsible packaging designs. Our General Specification for the Environment (GSE) restricts substances of concern, such as polyvinyl chloride (PVC),[7] and requires all materials used in HP packaging to be recyclable.[8]

To decrease the environmental impact of our packaging, we strive to reduce material use, optimize shipping densities, and utilize recycled materials. These objectives are achieved through our underlying principles: remove, reduce, reuse, recycle, replace, and influence.

Remove

We strive to eliminate the use of substances of concern when lower-impact alternatives are readily available. For example, HP restricts the use of PVC in packaging with minor exceptions. (See related information in Materials on page 41.)

Reduce

Using less packaging reduces materials consumption, the carbon footprint of transportation, and customer waste. We meet or exceed local legal standards for packaging minimization where they exist. We are also reducing the amount of paper delivered with products, such as warranties and manuals, making the information available in electronic form instead.

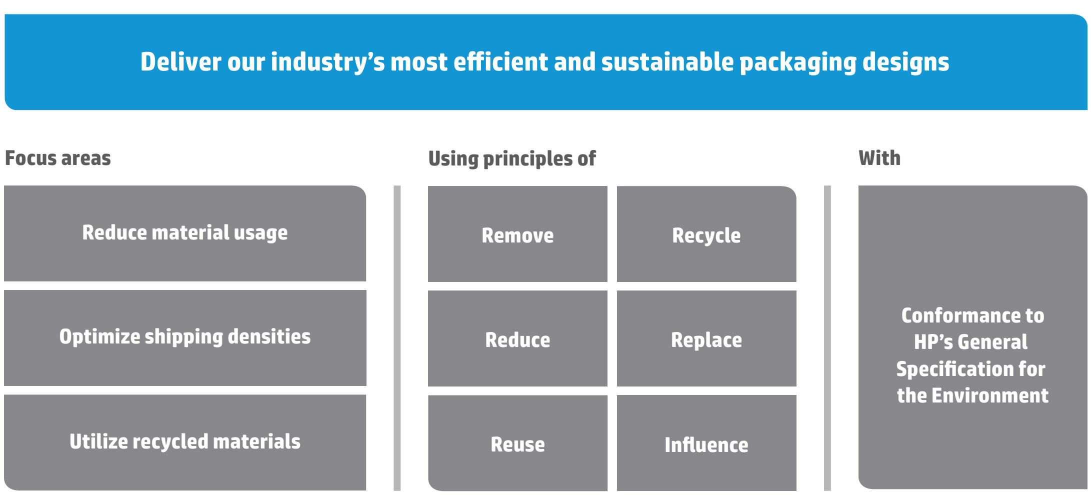
Reuse

We design packaging for reuse where feasible, enabling retailers, distributors, and enterprise customers to return packaging materials to HP or redeploy the materials for future shipments. When our suppliers are located close to HP manufacturing facilities, we also work to design reusable packaging.

Recycle

We are committed to increasing the proportion of recycled content in our packaging materials. The amount of recycled content in our packaging varies widely by region, as well as by material and product type. Where feasible, HP is shifting from plastic packaging to paper and molded pulp alternatives that contain recycled content and are certified as meeting a sustainable forest management standard. In some instances, however, light plastic packaging may have a smaller carbon footprint than the molded pulp alternative because of the quantity of molded pulp needed to provide the same level of protection. In such cases, we increasingly use expanded polystyrene (EPS) or expanded polyethylene

HP environmental packaging mission



[7] The restriction on PVC in HP packaging does not apply to protective tape covers with a surface area equal to or less than 15 square centimeters (2.35 square inches) and/or weighing less than 1g (0.035 ounce).

[8] Not all locations have suitable recycling infrastructure to recycle all materials used in HP packaging.

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(EPE) foam cushions that contain recycled plastic. In 2011, we implemented 100% recycled cushions for some consumer and commercial desktops in the Americas.

Replace

We are working to replace hard to recycle materials with more easily recycled substitutes. While all HP packaging materials are capable of being recycled, this is only possible where appropriate collection and recycling infrastructure is in place. We therefore take ease of curbside recyclability into account when selecting packaging materials. We also evaluate the total life cycle of materials when assessing the merits of a packaging change, weighing factors such as the potential to reduce greenhouse gas (GHG) emissions as well as recyclability.

Influence

As a major purchaser of packaging materials, we encourage vendors to use more recycled fiber content and sustainably harvested fiber in our paper-based packaging. We are also working with providers of 100% recycled EPS and PE foam cushions to broaden industry adoption and build the infrastructure required to make these more available.

Progress in 2012

The following examples from more than 25 separate packaging projects undertaken in 2012 illustrate the range of packaging innovation across our product portfolio.

Packaging innovation	Summary of benefits in 2012
Designed HP LaserJet Pro 300/400 color multifunction printer packaging to achieve a smaller, more efficient design	Eliminated nearly 500 ocean container shipments Reduced CO_2e emissions by 1,730 tonnes
Implemented high-performance, low-density foam for 25 HP LaserJet products	Reduced packaging part weight by 33% Reduced CO_2e emissions by 936 tonnes
Reduced size of OfficeJet 4620 product and box while increasing protection	50% more units shipped per ocean container Reduced weight by 20%
Eliminated printed in-box documentation in many products across all business groups	Avoided printing of 1.4 billion sheets of 8.5" x 6" paper Reduced annual CO_2e emissions by 10,500 tonnes
Implemented use of recycled pallets for part of our business in the Americas	Avoided use of 640,000 new pallets annually Diverted 12,700 tonnes of lumber waste from landfills
Replaced paper insert in Inkjet supplies product with cardboard shelf built into the box	Reduced CO_2e emissions by 65 tonnes
Increased recycled content of paperboard and corrugated boxes for Inkjet supplies products	Paperboard boxes are 100% recycled fiber, of which 35% is postconsumer Corrugated boxes are 35% recycled fiber
Replaced single product packaging with multiproduct cases for some Enterprise Group products	Reduced packaging weight per unit by 60% Reduced CO_2e emissions by 44 tonnes Reduced packaging cost per unit by 82%
Introduced "thin box" design for notebook products	Decreased packaging volume by nearly 30% Reduced package weight by 10% Increased density of products per pallet by 25-33%, decreasing transport CO_2e emissions

Transport

HP conducts business in more than 170 countries. On a typical day, we ship over 1 million products around the world. Our products travel from manufacturing locations to distribution centers and then on to customer destinations worldwide.

We are committed to reducing transport-related GHG emissions and other environmental impacts associated with these activities. As a global IT company with one of the most extensive transportation networks in the sector, we also help develop new industry standards for environmentally responsible transportation management. We work with logistics service providers (LSPs) to optimize our global supply chain and select the best modes of transport and routings for our shipments.

In 2012, GHG emissions from transporting HP products totaled an estimated 1.7 million tonnes of carbon dioxide equivalent (CO_2e).[9] This is about 10% less than GHG emissions from our own operations. Since the end of 2008, we have implemented projects that cut emissions from product transport collectively by 190,000 tonnes CO_2e, exceeding our goal to reduce emissions by 180,000 tonnes of CO_2e by 2013.

We use three strategies to reduce fuel use: maximizing the efficiency of our supply chain network, shifting to less energy-intensive modes of transport, and influencing our LSPs. We also work to reduce the size and weight of our product packaging while retaining high-quality protection, since this decreases the volume of goods we transport. Learn more in Packaging on page 44.

Progress in 2012

Maximizing the efficiency of our supply chain network

HP reduces fuel use and GHG emissions by decreasing the distance our products travel. We accomplish this by working with suppliers to locate manufacturing facilities closer to customers and consolidating distribution centers to optimize the use of trailer space for our shipments. For example, we opened a factory in Turkey (shifting from other parts of Asia) to service customers in Africa and the Middle East partially via ocean as opposed to air shipment. In the United States, we consolidated three West Coast warehouses into one—improving operational and energy efficiency, and streamlining outbound freight.

[9] This figure for transport GHG emissions is based on data reported by LSPs that HP contracts to deliver our products. It differs from the larger product life cycle assessment-based estimate presented in Energy and climate on page 29, which includes additional upstream and downstream transport related to our products, as well as retail and storage.

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Estimated GHG emissions from product transport, 2012*

	Air			Ocean			Road (includes rail)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
GHG emissions [million tonnes CO_2e]	1.2	1.3	0.9	0.2	0.2	0.3	0.5	0.4	0.5
GHG emissions [percentage of total from transport]	65%	70%	50%	10%	10%	20%	25%	20%	30%
Shipment mix by weight-distance [approximate, kg-km]**	10%	10%	5%	70%	70%	80%	20%	20%	15%

* Table does not include data from all recent HP acquisitions.

** All figures rounded; improvements in efficiency of the mode of transportation may not be fully reflected.

Shifting to less energy-intensive modes of transport

We typically ship HP products by ocean or air from the manufacturing location to regional distribution centers, and then by truck or rail to their final destinations. Because emissions vary greatly by type of transport, with air being the most GHG intensive, shifting to less energy intensive modes of transport can reduce climate impacts substantially (see chart above).[10] In 2012, select shipments of notebook PCs traveled by ocean instead of air from China to Europe, Latin America, and the United States (as well as intra-Asia), resulting in an estimated savings of approximately 20,000 tonnes of CO_2e.

In 2011, we began using a new international freight train network from China to Europe to reduce emissions, time, and costs. The train route begins in Chongqing, China, and ends in Duisburg, Germany (see case study: Chongqing region presents opportunities for supply chain SER in China on page 94). This alternative rail solution reduces CO_2e emissions by more than 90% compared with air freight and cuts costs by over 60%. The route is also 10 days faster than ocean transport. Since its launch, we have transported more than 4 million notebooks by rail (approximately 30% of notebook shipments from China to Europe) and will begin printer shipments through this route in 2013.

Influencing logistics service providers

HP selects logistics service providers (LSPs) that maintain high standards in social and environmental responsibility. These LSPs sign and adhere to HP's Supplier Social and Environmental Responsibility Agreement and agree to conform to the expectations and standards in HP's EICC Code of Conduct and applicable laws and regulations, while meeting our other business requirements. To improve environmental performance, LSPs strive to use optimal routings and engine technologies, and we require them to track GHG emissions associated with the transport of HP products.

In the United States, we ship all HP consumer and commercial products using SmartWay surface transportation carriers—a collaboration between the U.S. Environmental Protection Agency (EPA) and the freight transportation industry.[11] In 2012, HP was one of only 40 companies among the SmartWay Transport Partnership's nearly 3,000 partners to receive the SmartWay Excellence Award.

Use

HP is aware that the energy and materials consumed by customers when using our products have a significant environmental impact. Therefore, we work to design increasingly efficient products and solutions that help customers reduce the environmental impact of their operations and personal lives. This approach covers everything we sell, from single-user personal computing devices and printers to enterprise servers, storage equipment, and entire data centers.

For many of our products, customer use generates more greenhouse gas emissions than any other stage of the life cycle. However, understanding the carbon footprint of our products is complex. Large corporate customers and private consumers have very different usage patterns, and the carbon intensity of electricity varies by location. This year, we are for the first time publishing a comprehensive estimate of the GHG emissions related to the use of HP products. See Energy and climate on page 29 for detail.

Our web-based HP Carbon Footprint Calculator, developed in 2009, allows customers to compare estimated paper and energy use and costs, along with CO_2e emissions for HP and Compaq branded products, taking into account user location.[12] The tool can also estimate users' printer-related electricity and paper costs.[13] The calculator, which receives more than 10,000 visits per month, covers more than 9,000 HP and non-HP devices.

[10] According to the World Resources Institute GHG Protocol. Calculation methodology based on GHG Protocol distance-based method.

[11] This designation is based on actions to reduce transportation-related emissions.

[12] Power, cost, and carbon calculations are estimates. Results will vary based on variables, which include information provided by the user, time PC is in different power states (on, standby, off), time PC is on AC, hardware configuration, variable electricity rates, and utilities provider. HP advises customers to use information reported by this Carbon Footprint Calculator for reference only and to validate impact on their environment. For more information about calculation assumptions, see www.hp.com/large/psg/toolassumptions.pdf.

[13] The Carbon Footprint Calculator also estimates the user's costs for the electricity and paper a printer consumes. It is based on certain key assumptions and makes use of data and models generated by third parties.

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Collaboration

HP also contributes to the development of industry-wide standards to reduce the environmental impact of IT products. Eco-labels are one important driver of improvements, encouraging the IT industry to invest in innovations in energy and resource efficiency. For example, in 2012 we contributed to the development of the latest ENERGY STAR® rating criteria for PCs, Displays, and Imaging Equipment products. Working with industry associations and directly with the EPA, HP was a leader in the development of these updated standards. HP is now a cochair of the ITIC (Information Technology Industry Council) energy efficiency working group. Over the past four years, HP has also been a key participant in a stakeholder consensus process to develop the EPEAT® standard for imaging devices. This standard was published in December 2012, and HP has begun to register imaging devices at EPEAT.NET.

Progress in 2012

We made significant progress in 2012 helping customers decrease the environmental impact of their HP IT products by providing more energy and resource efficient products. As illustrated by several of the examples below, efficiency improvements frequently offer cost savings as well.

Personal computers and devices

HP is an industry leader in energy efficient options for personal computers and associated products. We strive to develop products that meet ENERGY STAR™ and EPEAT Gold qualifications, the highest international standards for environmental attributes in electronics such as material selection and energy savings. In 2012, 43.7% of commercial PCs shipped by HP were EPEAT Gold qualified, and an additional 10.9% were EPEAT Silver qualified.

Recent developments in "thin client" networks are making significant energy efficiency gains possible by individual workstations accessing a central server in place of the conventional PC hard drive. The HP t410 All-in-One Smart Zero Client provides the same performance as a traditional PC but runs on just 13 watts of power. It meets both EPEAT Gold and ENERGY STAR standards.

Imaging and printing

HP has pioneered IT industry efforts to help customers reduce the carbon footprint of printing. Examples include:

- Our ENERGY STAR qualified products improve the sustainability of office printing by using less energy and generating less waste.
- HP digital on-demand printing solutions, such as Indigo and Web Press, enable our customers to print exactly what they need, when and where they need it, as opposed to analog printing, which encourages overproduction, resulting in large volumes of marketing collateral, books, and labels being wasted.
- Our Managed Print Services solutions enable customers to save 30%-80% in energy use and significantly reduce paper waste.

HP's ENERGY STAR qualified HP OfficeJet Pro 8600 e-All-in-One series, HP OfficeJet Pro 8100 ePrinter, and HP Officejet Pro X Series printers compete with office laser printers. Based on our own testing, these models use up to 50% less energy than the majority of comparably priced laser printers.[14] All models are capable of two-sided printing, providing an opportunity to save paper. The Officejet Pro X Series generates 50% less supplies waste[15] compared to competitors' color laser printers. For details, see www.hp.com/go/officejet.

We also provide energy efficient solutions for large organizations that use multiple printing and imaging devices. HP Web Jetadmin used with the HP EcoSMART Fleet centralizes printing activity and allows the organization to control energy-saving features such as sleep and wake-up settings and double-sided printing as default. The system provides user data that can support environmental goals.

Data centers

HP Data Center Consulting, including IT infrastructure, Critical Facilities Services, and Cloud Consulting, helps customers achieve a standardized and streamlined operational strategy that can decrease physical footprint (such as power and cooling infrastructure) and improve environmental performance while enabling much greater operational efficiency. See Design on page 39 for detail.

[14] Majority of color laser printers <$800 USD and color laser MFPs <$1,000 as of August 2012. Energy use based on HP and HP commissioned third-party testing. Actual cost and energy usage may vary. For details, see www.hp.com/go/officejet. HP OfficeJet Pro 8600 e-All-in-One series compared with majority of color laser AiOs <$600 and HP OfficeJet Pro 8100 ePrinter compared with majority of color laser printers <$300, March 2011. HP OfficeJet Pro X Series compared with majority of color laser printers <$800 and color laser MFPs <$1,000, August 2012.

[15] Compares weight of empty cartridge and packaging materials needed for 15,000 pages using highest-capacity cartridges of major in-class competitors' color laser MFPs <$1,000 USD and color laser printers <$800 USD as of October 2012. Tested by Buyers Lab Inc. For details, see www.hp.com/go/officejet.

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Storage

HP storage products incorporate the latest materials, technology, architectural, and design advances to help reduce power consumption within the data center. For example, replacing legacy storage with HP 3PAR StoreServ Storage can reduce disk capacity requirements and energy use by 50% or more.[16] Support for nonspinning media further decreases the energy footprint of these systems. The all-solid state drive (SSD) HP 3PAR StoreServ 10000 Storage system reduces client cost per input/output operations per second by 70%, and energy use by more than 80%.[17]

As the industry's broadest tape storage portfolio, HP StoreEver Tape Storage features HP's market-leading tape products and technologies.[18] By choosing tape instead of spinning media for long-term data archiving, the energy savings alone can pay for the cost of an organization's entire tape system investment within 12 years.[19] For many organizations, a combination of tape and disk backup provide the most energy- and cost-efficient approach to meeting data protection and archiving needs and can be met both simply and economically by combining HP StoreEver Storage with HP StoreOnce Backup.

Software

HP software products can help customers save energy, costs, and other resources by reducing unnecessary computing and storage capacity.

With HP Software as a Service (SaaS), HP hosts and operates software for our customers, sharing the systems on which the software runs among multiple users and multiple applications. Because customers are not running software through their data centers, they save power, cooling, energy, and floor space.

SaaS is a component of cloud computing that provides on-demand access to configurable shared resources, including software. A study by CDP estimated that "U.S. businesses with annual revenues of more than $1 billion can cut CO_2 emissions by 85.7 million tonnes annually by 2020 as a result of spending 69% of infrastructure, platform, and software budgets on cloud services."[20]

HP SaaS can reduce environmental impacts related to software disk and packaging manufacture, distribution, and shipping, also resulting in greater operational efficiency and better resource management. And by offering remote access to software via the Internet, SaaS expands opportunities for telecommuting and remote IT support, which can reduce the need for travel.

The HP Vertica AppSystem is a scalable, high-speed, relational data analytics platform that helps companies store and analyze vast amounts of data, while using fewer resources. Running on energy-efficient HP ProLiant DL380 Gen8 servers with local disks, this platform reduces storage costs by up to 90%. Due to the platform's advanced columnar-based storage architecture, it requires 25-50% less hardware and storage space compared to alternative technologies, which decreases related power and cooling costs. The HP Vertica Analytics Platform also helps companies achieve compression rates of 50-90%—allowing them to store the same amount of data using fewer resources.

HP Business Service Automation (BSA) is software that customers use to manage IT services and capacity to improve efficiency across domains and virtual environments. BSA can be used in conjunction with data center hardware to dynamically adjust capacity, switching off equipment when it is not needed. This can save energy and reduce associated CO_2 emissions. Companies that have used HP BSA for storage provisioning report that they have regained up to 40% of space from existing storage.[21]

HP Service Health Optimizer is capacity-planning software that makes recommendations on how to reduce the number of systems in an IT environment. It proposes configurations for the ideal size, placement, and allocation of virtual machines relative to physical space. This increased density can decrease the system footprint space and energy consumption.

Case study

HP Energy and Sustainability Management

In 2012, HP Energy and Sustainability Management worked with a major American city to assess its energy consumption and develop a cost reduction strategy. During the year, we completed a baseline assessment of the city's highest energy consuming facilities, reviewed energy management processes and governance structures, and performed a functional needs assessment for an enterprise energy software system.

[16] See http://www8.hp.com/us/en/products/data-storage/data-storage-solutions.html?compURI=1284392#.US5MeFf4J8E for details.

[17] Based on HP internal comparison of an HP 3PAR 10000 V800 system with all Fibre Channel drives and an equivalently sized HP 3PAR 10000 V800 system with all solid state drives. See http://www8.hp.com/us/en/hp-news/press-release.html?id=1266636#.US5HDVf4J8E for full details.

[18] According to the IDC Branded Tape Tracker CQ2 2012, HP is the market share leader in units and revenue for Linear Tape-Open (LTO) tape worldwide across individual tape drives and tape automation products.

[19] Source: "In Search of the Long-Term Archiving Solution—Tape Delivers Significant TCO Advantage over Disk," Clipper Group, December 23, 2010. David Reine and Mike Kahn.

[20] 2011 Carbon Disclosure Project Study, "Cloud Computing –The IT Solution for the 21st Century."

[21] Dimensional Research "HP Customers Reveal Real-Life Benefits of IT Automation," 2010.

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Goals

Life cycle assessment

2012 goals	Progress
Calculate and disclose Product Carbon Footprint (PCF) values using the Product Attribute to Impact Algorithm (PAIA) tool for new HP notebook, desktop, and monitor products.	We used the PAIA tool to calculate PCF values in response to bids and tenders, as well as customer inquiries. We have not yet disclosed these calculations because there is a lack of product category standards for PC products. Product category standards establish comparable methodologies for credible and transparent disclosure. HP is leading an effort to develop a consistent methodology for computers that will support credible and transparent disclosure in the future.
Complete life cycle assessments on 20 additional HP LaserJet printers, one HP scanner, and one book vs. e-reader.	We exceeded our goal, completing life cycle assessments on 53 HP LaserJet printers, one HP scanner, and one book versus an e-reader. We also completed an LCA on one HP Inkjet printer.
Work with industry to establish product category rules (PCRs) for imaging products.	Collaborated with Underwriters Laboratories Environment to complete PCRs for printers and imaging products.
2014 goal	
Promote and support the development of an IEC Technical Report to establish harmonized product category PCF standards for PCs and displays.	

Materials

2012 goal	Progress
Complete the phase-out of bis (2-ethylhexyl) phthalate (DEHP), dibutyl phthalate (DBP), and butyl benzyl phthalate (BBP) in newly introduced personal computing products by the end of 2012.	Complete: All personal computing products to be newly introduced in 2013 meet the HP GSE requirement for phasing out the phthalates DEHP, DBP, and BBP.

Transport

2012 goal	Progress
Implement network enhancements, mode changes, and route optimization that decrease greenhouse gas emissions from product transport by 180,000 tonnes of CO_2e, since the end of 2008.	We exceeded our goal by achieving a CO_2e reduction of 190,000 tonnes through air-to-ocean and truck-to-rail conversions, direct ship programs, warehouse consolidations, and other network enhancement programs.
2016 goal	
Implement network enhancements, mode changes, and route optimization that decrease greenhouse gas emissions from product transport by 200,000 tonnes of CO_2e since the end of 2012.	

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Product return and recycling

HP aims to provide take-back programs with broad geographical coverage and ensure an environmentally responsible option for processing HP products at the end of their life. We verify the quality of our global recycling network through third-party vendor audits, and we increasingly rely on third-party recycling certifications when available. We continue to evaluate expansion of our product take-back programs into additional countries, but this depends in part on the availability of local recyclers that meet our standards or export regulations that allow for legal transport of materials to recycling facilities in other countries. Additionally, we are striving to capture a larger quantity of e-waste through partnerships with major retailers in some locations.

69

countries and territories with HP take-back programs

2.5 billion

pounds of electronic products and supplies recycled since 1987

30 million

units and accessories refurbished for reuse since 2003

3,700+

locations throughout the United States, making drop off for computer recycling close, easy, and free

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Our approach

Addressing the end of life of our products is a priority for HP and central to our efforts to decrease environmental impacts across our value chain. We sell hardware products globally that have typical life spans of between three and ten years. Consequently, at the time of disposal, the age and condition of products vary greatly. Our challenge is to provide a broad choice of product take-back solutions with the widest geographical reach. Our take-back programs are currently available in 69 countries and territories.

After a customer returns his or her hardware product, our priority is to determine the best recovery solution for it. When equipment has resale value, we prefer to refurbish and resell it, the option with the lowest environmental impact. When reuse is not viable, we extract as much value as possible by breaking it down and recycling the constituent materials.

Specialist third-party companies provide reuse and recycling programs on our behalf. HP requires that our recyclers process all material according to best practice and in full compliance with relevant regulations. In particular, HP monitors product take-back programs to ensure there is no "leakage" of material to facilities or organizations outside of our approved vendor network. We undertake due-diligence audits of our recycling vendors to ensure compliance with our Printing supplies recycling policy, Hardware recycling standard, Hardware reuse standard, Policy on export of electronic waste to developing countries, and Supplier code of conduct. HP also requires certification to third-party recycling standards (R2 and e-Stewards) in the many countries where they are available.

Promoting product take-back in the United States

HP is increasing recovery of end-of-life products by collaborating with leading retail chains. In 2012, HP and Staples announced a partnership to offer consumers free, convenient, and responsible recycling every day throughout the United States regardless of the brand or purchase location. The program covers a wide range of products, from desktop PCs to tablets and fax machines to digital camcorders. The partnership leverages Staples' stores and logistics network to collect the devices and consolidate them at its distribution centers and HP's certified recycler network to process the material responsibly. The recyclers were selected in part for their proximity to Staples distribution centers, reducing transportation and corresponding GHG emissions resulting from the program.

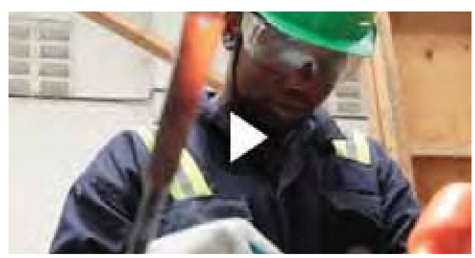
At the same time HP is extending the range of options for returning printer cartridges. In 2012 we added partnerships with OfficeMax and Walmart to our existing arrangement with Staples.

See data regarding these programs in the table on the next page.

Expanding the global reach of our recycling network

We are working with governments and nongovernmental organizations to improve local recycling capabilities in important emerging markets including Africa, Asia, Eastern Europe, Latin America, and the Middle East. As these economies grow and demand for electronic products continues to increase, we are focused on expanding HP's return and recycling programs in these regions (see case studies below). In 2012, HP increased the number of countries and territories in which take-back programs are available from 67 to 69.

Capabilities in developing countries vary widely, with many lacking adequate collection and recycling systems. It is common in the developing world for electronic waste to be collected and treated in an informal economy with inadequate controls to safeguard human health and the environment. As we expand our programs, we work to improve local capabilities and standards. Establishing responsible recycling facilities creates employment in disadvantaged communities while helping protect workers and the environment. A third-party firm audits all potential recyclers to make sure they meet our global standards and policies. We require recyclers to provide plans to address any gaps in their approach identified in the audits.



Video: How HP is developing recycling facilities in East Africa

Case study

New recycling facility in Brazil

In Brazil, customers may return HP print cartridges to HP Planet Partners via authorized retail collection locations (such as Kalunga, Saraiva, HP Stores, Contabilista, and Carrefour), authorized reseller collection points or by requesting a pickup at www.hp.com.br/reciclar. HP has established a new recycling facility at the Flextronics facility in São Paulo to process the used HP ink cartridges collected. The facility, employing 20 people, uses HP technology to process used HP ink cartridges in a multiphase recycling process. The cartridges are reduced to raw materials which can be used to make new metal and plastic products. The recycled plastic is used in new printer parts manufactured in Brazil as well as new HP ink cartridges. Any remaining material is disposed of responsibly through energy recovery. No original HP cartridges returned through HP Planet Partners are ever sent to a landfill.

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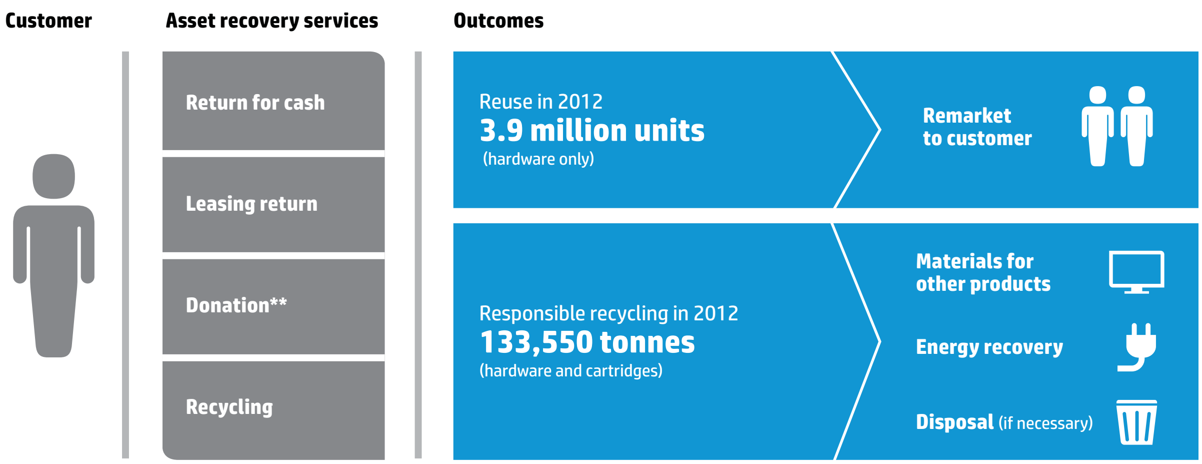
Product return and recycling options*



*Segments in this graphic are not drawn to scale.
** The relationship is directly between customer and charity.

HP take-back programs

We use a global network of vendors in 69 countries and territories to collect, process for resale, and recycle returned products. Our main programs include:

Service	Overview	Scope
Hardware reuse* (trade in, return for cash, leasing return, donation)**	We resell refurbished products, from PCs to data center equipment, at the end of leasing terms or as part of trade-in agreements. We offer remarketed equipment for many HP and non-HP products and follow strict processes set out in our Hardware reuse standard to protect user data and meet environmental requirements.	This service is available in 53 countries and territories.
Hardware recycling	We recycle returned products that are not suitable for reuse. Consumer recycling services vary by country, depending on local regulations and infrastructure. We are co-founders of the European Recycling Platform, which provides pan-European take-back and recycling services and recycled more than 32,700 tonnes of electronic equipment on HP's behalf in 2012. In the United States, our Consumer buyback program allows consumers to return IT equipment of any brand and check online to see how much money or purchase credit they can receive in exchange. Even if the product is not eligible for buyback, consumers can recycle HP and Compaq products at no cost and other brands for a small charge. In 2012 we added the ability for consumers to drop-off hardware products at Staples and FedEx Office, increasing the total to more than 3,700 drop off locations throughout the United States, making recycling close, easy, and free. We also provide recycling services to commercial customers. Our Hardware recycling standard, Policy on export of electronic waste to developing countries, and Supplier code of conduct set out strict processes to safeguard the environment and protect consumer and commercial customers' data. See a list of recycling options by country.	This service is available in 55 countries and territories.
HP ink and toner cartridge recycling	Customers can return used HP ink and LaserJet toner cartridges to authorized retail and other collection sites through the HP Planet Partners program. In North America, for example, HP is partnering with Staples to collect used HP ink and LaserJet toner cartridges. In 2012 we added new retail drop-off options for HP cartridge recycling at Walmart and OfficeMax, making a total of more than 7,100 locations in the United States where consumers can drop cartridges for recycling.*** For some products and in selected countries, we offer free, postage-paid return options including printable labels, shipping envelopes, collection boxes, and the option to order bulk pickup. Learn more. Through our "closed loop" recycling process, Original HP ink and LaserJet toner cartridges are reduced to raw materials that can then be used to make new cartridges as well as other metal and plastic products. Over the past two years, HP has shipped 600 million Inkjet cartridges containing some recycled plastic from this process.**** In 2012, HP initiated a pilot program to use recycled content plastic recovered from our hardware recycling facilities in new HP electronic products. (See Materials on page 41 for more information.) See a list of recycling options by country.	We provide free recycling for HP cartridges in 56 countries and territories.

* Availability of each reuse offering varies by location.
** The relationship is directly between customer and charity. Available in the United States only.
*** As of March 2013.
**** The recycled plastic used in Inkjet cartridges also contains recycled plastic from bottles.

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Advocating for regulations that promote reuse and responsible recycling

HP is engaging governments and stakeholders, directly and through trade associations, to help improve national and international approaches to controlling the movement of electronic waste while also allowing legitimate movements of used equipment for repair and reuse to continue. To that end, HP has provided thought leadership regarding the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and supports its objective to prevent the dumping of waste in less developed countries that do not possess suitable recycling and treatment facilities. HP also advocates for legitimate movements of used equipment, which promotes repair and reuse of electronics, thereby reducing the generation of electronic waste.

The value of electronic waste has increased substantially due to the value of the underlying commodities. This is creating competition for collection of used electronic products in developed as well as developing countries. However, most existing legislation holds manufacturers exclusively responsible for collection and treatment of all of their used products. HP is helping regulators understand the impact of this trend on both current and future e-waste regulations.

See HP's position on Individual Producer Responsibility.

Progress in 2012

In 2012, we recovered 159,550 tonnes of hardware and supplies.

This included:

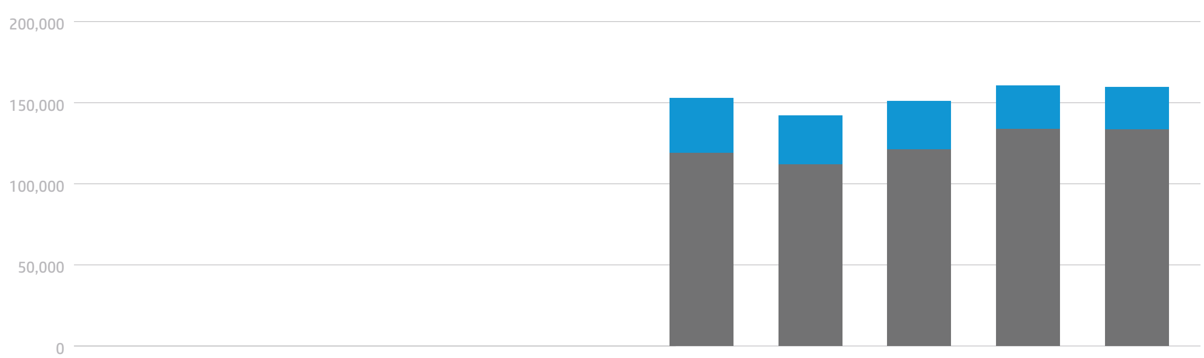
- Approximately 3.9 million hardware units weighing 26,000 tonnes (57.2 million pounds) for reuse and remarketing; more than 60% returned by business customers
- Approximately 133,550 tonnes (295 million pounds) for recycling; more than 80% of hardware recycling volume by weight returned by consumers

Overall, we have recovered a total of 1,390,950 tonnes (3.066 billion pounds) of computer hardware (for reuse and recycling) and supplies (for recycling) since 1987.

We achieved a total reuse and recycling rate in 2012 of approximately 14% of relevant HP hardware sales worldwide.

See Product return and recycling* on page 67 for detailed performance information.

Product return and recycling, 2008-2012* [tonnes]



	2008	2009	2010	2011	2012
Total reuse of equipment**	34,000	30,000	30,000	26,700	26,000
Total recycling—computer hardware and supplies combined	119,000	112,000	121,000	133,900	133,550
Total reuse and recycling combined	**153,000**	**142,000**	**151,000**	**160,600**	**159,550**

* Recycling totals include all hardware and supplies returned to HP for processing; with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet recycling data are calendar year. The remaining data are based on the HP fiscal year.

** The decrease in tonnage from 2008–2012 is due to a reduction in the average weight of returned units, rather than a decline in the total number of returned units. Returned units during that period were: 2008: 3.46 million units; 2009: 3.58 million units; 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units. Tonnage numbers are approximate.

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Vendor audits

We have direct relationships with about 75 first-tier reuse and recycling vendors, who in turn manage hundreds of subvendors in their own networks.

We contract Environmental Resources Management (ERM), a third party, to audit our first-tier vendors and ensure they conform to our Hardware recycling and reuse standards covering the storage, handling, and processing of returned electronic equipment, as well as our Policy on export of electronic waste to developing countries and Supplier code of conduct.

The audits also include an assessment of environmental, health, and safety practices and performance, as well as checks on downstream material flows based on shipment and receipt records. When audits identify areas of non-conformance, vendors must create corrective action plans and respond quickly to improve their performance. Once we receive a vendor's report of corrective actions taken, ERM conducts a verification audit to ensure that adequate changes have been made. Although we prefer to work with vendors to improve their capabilities, in extreme cases we stop using vendors who lack transparency or the willingness to make the required changes.

ERM's audit training program also helps our first-tier vendors to understand our audit process and teaches them how to improve their operational performance and how to audit their own vendors. Our vendor audit program conforms to and exceeds the practices described in the EPA's Sustainable Materials Management Electronics Challenge. These guidelines have also been incorporated into the IEEE 1680.1 optional criteria of EPEAT® for personal computers.

The recently implemented IEEE 1680.2 criteria for imaging products require the use of recycling vendors that have obtained certification by a qualified third-party auditor in the countries where HP sells EPEAT-registered products. All HP recycling facilities for imaging products in Australia, Canada, China, Mexico, Singapore, and the United States already meet this requirement. While we support the EPEAT third-party certification program, we will continue to supplement it with our own audits of certified vendors and will continue to audit our noncertified vendors.

2012 audits and findings

In 2012, ERM audited 18 reuse and 13 recycling vendor facilities in 17 countries. Twenty-two were repeat site audits to check vendors' ongoing commitment and improved performance. All of the site audits evaluated both the vendor facilities and their material disposition network. In addition to those site audits, another 12 audits were conducted remotely (by phone and e-mail) to evaluate vendor disposition networks (these sites had all been previously audited with no major gaps found).

Eleven of the 22 re-audited sites had previously experienced major nonconformances. ERM re-audits confirmed that all major nonconformances had been addressed at seven of these sites. HP vendor managers continue to work with the others to resolve open issues, and in two of the remaining four cases, vendors had addressed some of the major nonconformances identified.

Most gaps in conformance to HP standards are found in the areas of environmental, health, and safety, followed by security, logistics, and asset tracking, and then management systems. Combined, the first three areas accounted for more than 84% of the gaps found during audits in 2012.

We have received and reviewed 136 vendor-generated corrective action plans following the 208 audits conducted since we enhanced our vendor audit program in 2008.

Read a statement from ERM.

Goals

2015 goals	Progress
Recycle 3.5 billion pounds (1.6 million tonnes) of electronic products and supplies by the end of 2015 (since 1987).	In 2012, HP recycled 295 million pounds of electronic products and supplies, bringing the total since 1987 to 2.54 billion pounds.
Reuse 40 million electronic products and accessory units by the end of 2015 (since 2003).	In 2012, HP reused 3.9 million electronic products and accessory units, bringing the total since 2003 to 30.95 million.

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HP operations

HP is working hard to reduce our environmental footprint and drive sustainable growth. One of the most significant environmental impacts from our operations is the greenhouse gas (GHG) emissions that result from energy generated to run our offices, data centers, and manufacturing facilities. (See Energy and GHG emissions on page 57 for details.) Other environmental impacts from our operations are those associated with waste disposal, paper use, water consumption, site remediation, and the use of ozone-depleting substances.

Some of our manufacturing facilities have additional impacts, including wastewater discharges and permitted releases of regulated substances.

20%

reduction in total Scope 1 and Scope 2 GHG emissions from operations by 2020, compared to 2010

88.1%

landfill diversion rate achieved in 2012

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Our approach

We are working to improve our environmental performance by:

- Enhancing energy efficiency and reducing GHG emissions
- Increasing resource efficiency
- Creating new opportunities and markets by sharing successes in our own operations with partners and customers

HP's environmental, health, and safety (EHS) management system is designed to ensure that all our facilities comply with applicable regulations and meet company standards.

See Awards for details of the recognition HP has received for its environmental management and performance.

About our operational data

Data relating to HP operations are based on our fiscal year, which ends October 31.

On that date, HP owned and leased more than 700 sites in 98 countries. In 2012, we collected data from 332 sites (including all HP-owned manufacturing sites and our largest owned and leased office, warehouse, data center, and distribution sites). These sites represent 87% of our total floor space of approximately 6.7 million square meters. We extrapolated data from comparable data centers and offices for the remaining floor space, unless stated otherwise.[1]

See a list of HP's major operations in our 2012 Annual Report (page 35).

The quality of our data and trend analysis continues to improve. In the summer of 2012, we completed the implementation of Hara energy and sustainability management software. Hara is helping HP more accurately measure and monitor our environmental performance and identify areas with the greatest potential for improvement. We can now measure energy and water use at the site level and at more frequent intervals. As a result, we have reset the baseline for our operational data[2] to 2010, as that is the first full year of data in the system. We applied our new methodology to 2010 and 2011 retroactively to ensure consistency across the years reported. We also adjust our baseline as needed to account for acquisitions and divestitures, using accepted methodologies such as the Greenhouse Gas Protocol.

HP's Energy and Sustainability Management group was involved in the Hara rollout and is applying the insights we have gained to benefit customers undertaking similar deployments. For example, we used our experience from the Hara implementation to inform our Resource Management as a Service research project. This project aimed to find opportunities for HP to combine hardware, software, and services to help cities more efficiently manage utilities and waste (see Research and development on page 38).

Environmental risk assessment

HP's Enterprise Risk Management program identifies critical risks and suitable mitigation programs at the enterprise, business, and functional levels. This process includes environmental risks.

Our last major assessment of environmental risks took place in 2011. We evaluated our 26 most critical operations for the consequences of regulatory changes, physical changes, energy costs, and water availability. The assessment showed that although issues such as climate change may pose risks to our business, we have in place measures to mitigate those risks. These measures include long-term, fixed-price energy contracts and the purchase of energy from renewable sources. We also have implemented numerous energy and water conservation programs and projects that help meet the common objectives of cost reduction, goal attainment, and risk management.

While we expect that our operations will become increasingly subject to regulatory and cost challenges related to climate change and water scarcity, we do not believe these changes will disproportionately affect HP relative to the market.

Beyond our direct operations, we also have programs to manage environmental risks and opportunities in our supply chain and related to our products and solutions.

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[1] The availability of data varies by location and utility. Electricity data are most commonly available and cover 87% of our square footage. For other components of Scope 1 and 2 GHG emissions, plus water and solid waste, HP develops intensity factors for nonreporting locations based on the actual performance of reporting sites. This ensures the most complete and accurate representation of environmental performance in operations possible.

[2] All operational data have been restated except for perfluorocarbons released during semiconductor manufacture, diesel fuel use and related GHG emissions, and GHG emissions related to fleet.

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Management and compliance

HP is committed to leadership standards in environmental, health, and safety (EHS) performance, which include conducting our operations in an environmentally responsible manner and enabling our employees to work without injury at our facilities and other locations.

Our EHS management system helps us achieve these objectives and ensures that we comply with regulations and meet company standards across all HP facilities. At its core is our EHS policy.

HP manufacturing operations in owned and leased space worldwide are certified to ISO 14001, the international standard for environmental management systems.

To help ensure that we continue to meet our EHS objectives as we grow, newly acquired companies must implement our EHS management system as a part of their integration.

We investigate any allegations of noncompliance with the law to correct any issues, determine the root causes, and, if applicable, implement corrective action to help prevent recurrence.

Our management of health and safety and also wellness are covered in HP people on page 108.

Energy and GHG emissions

Greenhouse gas (GHG) emissions from our operations account for less than 5% of HP's total carbon footprint, including our supply chain, operations, and customer use of our products. However, emissions from operations are most within our control, and we believe it is important to take every opportunity to help tackle global climate change.

HP is committed to reducing our emissions by making our global operations more energy efficient, using low-carbon energy sources, where possible, and reducing employees' business travel. These activities also help reduce costs.

In 2012, we set new GHG emissions-reduction goals, having reached our goal to cut absolute emissions from our operations (not including the HP transportation fleet) to 20% below 2005 levels by 2013—two years earlier than originally committed.

We have established a new goal to reduce HP's total greenhouse gas emissions from our operations (Scope 1 and Scope 2) by 20% by 2020, compared to 2010 levels. This includes emissions from our operational real estate and the company's transportation fleet, as well as emissions from our 78 client-serving (or "trade") data centers.

Progress in 2012

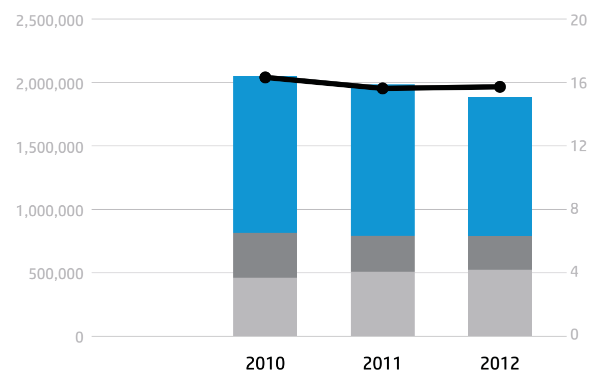
In 2012, our operations produced a total of 1,889,000 tonnes of carbon dioxide equivalent (CO_2e) emissions, a decrease from 1,990,000 tonnes of CO_2e in 2011 and an 8% reduction from our 2010 baseline.

Our total GHG emissions normalized against net revenue equaled 15.7 tonnes of CO_2e per $ million USD in 2012, broadly in line with 2011 and a 4% reduction compared with 2010.

Our emissions continued to fall as a result of energy-efficiency efforts globally, reflecting good practice throughout HP rather than any single, large-scale effort. As just one example, in 2012 HP's UK operations received the Carbon Trust Standard for achieving a 10.6% reduction in absolute GHG emissions during 2011. The Carbon Trust Standard is a robust and independent methodology for measuring and reducing GHG emissions.

In 2013, we will prioritize energy and sustainability as an organizational initiative. Our objective is to increase accountability for environmental impacts at every stage of an HP facility's life cycle and to enable the sharing of strong practices company-wide. The initiative will be sponsored and monitored at a senior level to reinforce its importance.

Greenhouse gas emissions from operations, 2010–2012* [tonnes CO_2e]



	2010	2011	2012
Americas	1,238,000	1,197,000	1,098,000
Europe, Middle East, and Africa	355,000	282,000	264,000
Asia Pacific and Japan	464,000	510,000	527,000
Total	**2,057,000**	**1,990,000**	**1,889,000**
GHG emissions intensity** [tonnes CO_2e/$ million USD of net revenue]	**16.3**	**15.6**	**15.7**

* Total includes HP's Scope 1 and Scope 2 emissions.

** Historical emissions intensity values were calculated using HP's annual revenue as characterized in financial reporting and Scope 1 and Scope 2 GHG emissions.

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Sources of GHG emissions from operations

Energy use (see Energy efficiency at right) accounts for 98% of the GHG emissions our operations generated in 2012 and represents one of our largest operational costs.

The remaining 2% of emissions come from refrigeration equipment and a small number of HP manufacturing processes, such as semiconductor manufacture, which uses perfluorocarbons (PFCs). See Data dashboard: Environment on page 67 for detail.

Sources of GHG emissions from HP operations, 2012*

	2010	2011	2012
Electricity (Scope 2)**	84%	84%	87%
Natural gas (Scope 1)	4%	4%	3%
Transportation fleet (Scope 1)	7%	7%	7%
Refrigerant emissions (Scope 1)	4%	4%	2%
Diesel (Scope 1)	<1%	<1%	<1%
Perfluorocarbons (Scope 1)	<1%	<1%	<1%

* Numbers do not equal 100% due to rounding.
** Takes into account electricity generated from renewable energy.

About our GHG emissions data

We calculate our GHG emissions according to the Greenhouse Gas Protocol of the World Business Council for Sustainable Development and the World Resources Institute.[3] In this section, we report Scope 1, 2, and 3 GHG emissions[4] arising from HP's operations, transportation fleet, and employee business travel.

- Scope 1 emissions include those from the direct use of natural gas, diesel fuel, refrigerants, and PFCs in operations and from fuel used by HP's transportation fleet.
- Scope 2 emissions are from purchased electricity used in our operational real estate and trade data centers.
- Scope 3 emissions in our operations result from employee business travel by commercial airlines and rental cars, in addition to other categories. In other sections of this report, we also disclose estimated Scope 3 emissions from product manufacturing by suppliers, product transport, product use, and product recycling.

View HP's carbon footprint for more detail. See Data dashboard: Environment on page 67 to view HP's GHG emissions grouped by Scope.

This year, we commissioned independent auditor Ernst & Young to verify our energy use and GHG emissions across our global facilities as well as our annual reporting under the GHG measurement and reporting protocols of the World Resources Institute and the World Economic Forum. See Report of Independent Accountant on page 137.

We report our GHG emissions yearly through the Carbon Disclosure Project (CDP) and in 2012 were again included in the CDP's S&P 500 Carbon Disclosure Leadership Index. The Index highlights constituent companies within the S&P 500 Index based on the level and quality of their climate change information-disclosure practices. Our 2012 Carbon Disclosure Score increased to 92 (out of a maximum 100) from 84 the previous year.

Energy efficiency

Improving energy efficiency in HP's operations will enable us to grow our business and save costs while reducing our environmental impact.

Becoming more energy efficient is a fundamental part of our environmental strategy, and one we are pursuing by consolidating our sites into fewer, bigger, more efficient locations. We continued this approach in 2012.

In addition, we employ energy-saving measures such as installing energy-efficient technology and lighting in offices, research labs, and data centers.

Based on estimates made at the time of deployment, investments and actions such as these could save HP about $4.5 million USD in 2013 and approximately 46,000 MWh in energy use. Additional benefits may include helping improve employees' experience at work, increasing collaboration, and making our facilities more productive.

Progress in 2012

HP operations consumed 4,109 million kilowatt hours (kWh) of energy in 2012, slightly less than 4,239 million kWh in 2011 and a 5% drop from 4,334 in 2010. The decrease from our 2010 baseline is the result of a 25% reduction in natural gas use combined with a 3% decrease in electricity consumption during that period.

Our energy intensity relative to net revenue was 34.1 kWh per $ million USD of net revenue, a 2% increase on 2011 and a 1% drop from our 2010 baseline.

Examples of energy-efficiency initiatives carried out in 2012 include:

- Installing enLightened wireless heating and lighting controls in HP Labs' Palo Alto, California, building, minimizing the need to install hardware and therefore reducing installation costs. We estimate this technology will save 155 MWh of energy and nearly $24,000 USD each year, paying for itself in less than three years.
- Adjusting air volume, heating, cooling, and humidification in our Böblingen, Germany, facility, reducing GHG emissions by an estimated 1,400 tonnes and saving about $750,000 USD each year. The facility made these

[3] HP reports actual performance each year. Historical values are restated for the impacts of acquisitions and divestitures when deemed material.
[4] The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see www.ghgprotocol.org/calculation-tools/faq.

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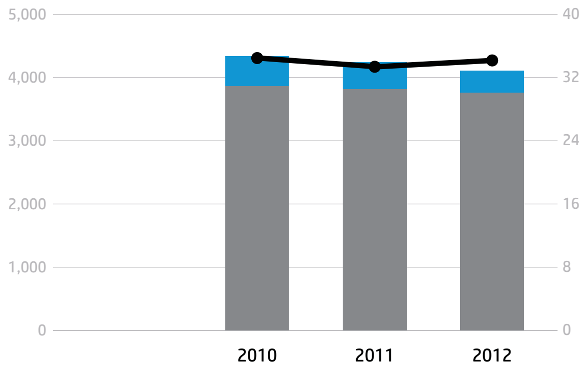
modifications in response to employee feedback about comfort levels. The changes paid for themselves in about three months.

Energy use from operations, 2010–2012* [million kWh]



	2010	2011	2012
Natural gas	476	428	355
Electricity**	3,858	3,811	3,753
Total	**4,334**	**4,239**	**4,109**
Energy intensity [thousand kWh/$ million USD of net revenue]***	**34.4**	**33.3**	**34.1**

* Some segments do not add up to total due to rounding.

** Includes purchased electricity and energy consumed during on-site electricity generation.

*** Historical energy intensity values were calculated using HP's annual revenue as characterized in financial reporting and direct and indirect energy use.

Making data centers more efficient

We operate 78 client-serving (or "trade") data centers worldwide, in addition to our six internal data centers located in three cities in the United States. Growing customer demand for the services of our trade data centers makes consolidating, building, retrofitting, and operating highly energy-efficient data centers all the more important. A typical data center consumes 20 to 40 times more energy per square meter than an office.

Our design teams for all new data centers are responsible for ensuring that energy efficiency is considered throughout the design and build process. HP Enterprise Services, HP Global Real Estate, and HP Critical Facilities Services have established design criteria for new data centers, including the use of modular designs to accommodate future growth, which has enabled us to increase capacity at existing data centers and avoid the need to build on new sites. Another criterion is to locate data centers in more temperate climates to reduce cooling requirements. As many of our enterprise customers require our facilities to be in certain locations, we often cannot control where they are sited. In these cases, we invest in the best available technologies to reduce energy consumption. Examples include our Sydney and Toronto data centers, where we installed new cooling technologies that had not yet been used elsewhere. Wherever we build our data centers, we always seek opportunities to use ambient air for cooling. Learn more in Sustainable building design on page 64.

During 2012, we completed energy-efficiency initiatives at our data centers that we estimate could save approximately 13.5 million kWh on an annual basis. These measures included improving airflow management and control, replacing an infrared humidification system with a more energy-efficient ultrasonic technology, replacing cooling and air-conditioning systems with more efficient alternatives, and redesigning server rack layouts to better regulate temperatures.

HP's next-generation internal data centers in Georgia and Texas, United States, are using the HP Pod 240a—nicknamed the EcoPOD—to reduce energy consumption while increasing capacity. Each EcoPOD offers the equivalent of more than 800 square meters of traditional data center IT in an 84-square-meter package[5] and uses 95% less facilities energy compared with traditional data centers.[6]

Our six internal data centers can expand to more than double their existing area to accommodate future growth. Each one is built with the environment in mind, and our data center in Hockley, Texas, United States, has obtained U.S. Green Building Council Leadership in energy and Environmental Design (LEED®) Gold sustainable building certification. See Sustainable building design on page 64.

In 2012, HP Labs' groundbreaking sustainable data center in Fort Collins, Colorado, United States, was recognized by the local Chamber of Commerce with a Ripple Award, an annual award for businesses that demonstrate the value of environmental responsibility. The data center was built as a showcase for sustainability. Learn more.

Six HP data centers in the UK have achieved European Union Data Centre Code of Conduct accreditation, which is a voluntary initiative aimed at reducing data center energy consumption.

Data center consolidation

Data center consolidation helps us reduce costs, phase out older technologies, and improve service levels, while decreasing energy use and associated GHG emissions.

In 2012, HP Enterprise Services continued to reduce the number of internal and customer-facing data centers it operates worldwide, in addition to making them more energy efficient. We reduced our data center and computer lab floor space by more than 7,000 square meters this year, while maintaining our ability to support customers worldwide.

[5] Values based on 1.3 megawatts of IT load at five kilowatts per rack, where one rack equals three square meters; there are an estimated 260 racks in a traditional data center.

[6] New POD technology from HP offers 95% greater energy efficiency compared with a traditional brick-and-mortar data center, based on internal HP testing.

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Renewable energy

Switching to renewable energy sources supports HP's goal to reduce absolute greenhouse gas emissions from our operational real estate, though increasing energy efficiency remains our priority.

Progress in 2012

We purchased 496 million kWh of renewable energy worldwide in 2012, in addition to 3 million kWh generated on-site, equivalent to 13% of our total electricity consumption and a 60% increase since 2010. As a result, we achieved our target to double renewable energy purchases to 8% of our electricity use by 2012 (we actually reached this goal in 2011, one year ahead of schedule).

This figure includes a small amount of energy generated on-site, but more than 99% is through energy contracts in Ireland, the UK, and other European countries, plus renewable energy credits in the United States. Our reporting excludes renewable energy provided by default in the power grid.

We are committed to maintaining renewables as a part of our energy mix to make continued emissions reductions. Though we implemented no major new installations in 2012, our use of renewable energy increased due to projects completed in 2011. In the United States alone, several sites have rooftop solar panels:

- Hockley, Texas: annual capacity 341,000 kWh
- Palo Alto, California: annual capacity 225,000 kWh
- San Diego, California: annual capacity 1,766,000 kWh
- Suwanee data center, Georgia: annual capacity 395,000 kWh

See more about renewable-energy purchasing in Data dashboard: Environment on page 67.

Travel

Approximately one-third of HP employees travel as part of their work, for instance to meet with customers or colleagues from other parts of the business. To decrease the environmental impacts of business travel, we encourage the use of digital communications such as video-conferencing technology. In addition, we are rolling out desktop video conferencing throughout HP and increasing the number of meeting rooms with video-conferencing facilities.

When HP people do need to travel, we promote more efficient forms of transport such as smaller cars and rail travel instead of air. Our travel-booking system provides information about the emissions associated with a journey so employees can choose the option with the least environmental impact.

Pascale Legros

HP employee since 2008

Pascale Legros, based in Montreal, Canada, has played a variety of roles since joining HP Global Procurement about five years ago. Beginning March 2012, she has served as HP's Sustainable Procurement Program manager, focusing on developing and implementing environmentally sustainable procurement strategies. As social and environmental responsibility issues are increasingly central in the global marketplace, companies including HP are using their buying power to improve the performance of their supply chains.

"We want our suppliers to clearly understand our goals and our strategies so that they can help us reach our targets and reduce our footprint," says Pascale.

This past year, switching HP's car rental service contract to hybrid and other fuel-efficient vehicles certified by the U.S. Environmental Protection Agency's SmartWay program reduced fuel consumption and related GHG emissions by 15% per day driven, compared with 2011. This will save HP an estimated $1 million USD by the end of 2013. The team also worked with HP's preferred office consumables supplier to devise a plan enabling HP data centers in the United States to purchase recertified mainframe data tapes at a reduced cost from the office supply store, reducing waste and saving energy.

"These actions taken as a whole can amount to a major impact. And I'm glad I can play a part. It's great to know that what we do will have an impact on the world," she says.

Pascale is also committed to supplier diversity and served as the Supplier Diversity Program lead in Canada, earning distinction from *Diversity Canada Magazine* as one of the Most Influential Women in Diversity and Human Resources in 2013.

These efforts are just the start. Pascale is passionate about setting her sights on greater targets, and she is always looking ahead. "I know we can accomplish much more, and that motivates me."

Collaboration

As part of the Clinton Global Initiative's Fleets for Change, we have committed to reducing GHG emissions from our U.S. auto fleet by 10% by 2015 from 2010 levels on a per-unit basis. We are on track to achieve this goal, primarily through introducing more fuel-efficient vehicles into our U.S. auto fleet.

We continue to work with our U.S. rental car supplier to reduce fuel consumption and related GHG emissions, for example by choosing hybrid and other fuel-efficient vehicles certified by the U.S. Environmental Protection Agency's SmartWay program. In 2012, we achieved our target of 15% fewer emissions per day driven, compared with 2011. We estimate the associated cost savings will be more than $1 million USD by the end of 2013.

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Employee commuting

In 2012, emissions from our employees commuting to work totaled an estimated 900,000 tonnes of CO_2e. We have various programs to help employees find alternatives and reduce their commuting emissions.

HP locations worldwide support carpooling options, such as our partnership with rideshare.org in the San Francisco Bay Area and our "2+" car parking incentive, where parking spaces close to the building entrance are reserved for cars carrying at least two employees. Other initiatives for commuters can include:

- Promoting cycling to work by providing routes and maps, bike storage and loan facilities, and discounts on bikes and related equipment
- Taking advantage of WageWorks in the United States, through which HP employees can use pretax income to pay for public transport costs
- Providing free shuttles from local public transportation
- Encouraging employees to commute outside of peak periods, reducing travel time, stress, and GHG emissions

Progress in 2012

In 2012, employee business travel (excluding commuting) generated 404,000 tonnes of CO_2e, a 13% decrease from 2011. Emissions per employee decreased 8% during the year and have dropped by 12% since 2010. The majority of GHG emissions from business travel are from commercial air travel (67%).

Employee use of videoconferencing at HP facilities avoids CO_2e emissions that would have been generated from air and car travel had the meetings taken place in person.

See detailed travel data in Data dashboard: Environment on page 67.

GHG emissions from employee business travel, 2010–2012 [tonnes CO_2e]

	2010	2011	2012
Total emissions	**448,800**	**464,800**	**404,000**
Transportation fleet (Scope 1 emissions)	144,800	142,800	133,000
Commercial air travel (Scope 3 emissions)	304,000	322,000	271,000
Emissions per employee*	**1.38**	**1.33**	**1.22**

*Based on employee numbers as reported in past Global Citizenship Reports.

Waste and recycling

HP generates nonhazardous waste such as paper, pallets, metals, and packaging, as well as hazardous waste[7] consisting mainly of liquid waste from our ink-manufacturing facilities and batteries from our data centers.

The two types of waste require different approaches, but we aim to reduce the environmental impact of both through a policy of reduce, reuse, and recycle.

The transportation, tracking, treatment, and disposal of our hazardous waste is managed by a combination of HP employees and competent external contractors. HP employees audit this process, and we also commission independent audits as appropriate. These audits are carried out as part of the approval process for all new facilities and periodically for approved facilities.

We reuse electronic equipment when appropriate; otherwise we recycle it responsibly through the same programs we offer our customers. See Product return and recycling on page 50.

Recycling programs

Our global recycling programs are key to our efforts to reduce waste sent to landfill. HP employees can recycle paper, plastics, and batteries at convenient recycling points within many of our buildings. We also recycle glass, plastic, and aluminum containers disposed of in our dining rooms and conference facilities. Some sites organize additional recycling programs for materials such as wood, batteries, and oils.

Additional recycling activities in 2012 included:

- Introducing a cell phone recycling program in Canada and the United States, through which HP employees recycled 10,000 mobile devices. In 2013, we plan to expand the initiative to Europe, with a target of recycling more than 15,000 devices.
- Collaborating with our preferred office consumables supplier to recertify mainframe data tapes at HP trade data centers in six U.S. states. We purchased more than 54,000 recertified tapes in 2012, reducing both landfilled waste and the energy and materials needed to create new tapes.
- Arranging for a carpet supplier to collect and recycle our unwanted carpets, which in turn enables them to provide new carpets containing between 22% and 29% postconsumer waste.

[7] Hazardous waste classification varies by country. For ease of calculation, HP data include some waste not considered hazardous in the country where it is generated.

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Progress in 2012

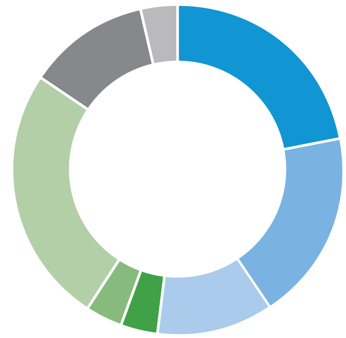
In 2012, HP generated approximately 125,500 tonnes of total waste compared with 90,300 in 2011. The vast majority (94%) was nonhazardous solid waste.

HP generated approximately 117,400 tonnes of nonhazardous waste in 2012, a 42% increase compared to 2011. This considerable rise is the result of two major building demolition projects in the Americas region that will not be repeated. We expect waste volumes to substantially reduce again next year.

Despite the increase in waste created, we reused, recycled, or incinerated for energy around 103,500 tonnes of nonhazardous waste, achieving a landfill-diversion rate of 88.1%. This is an increase from 82.0% in 2011.

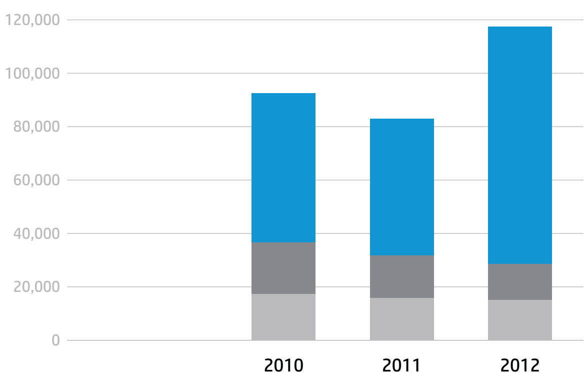
Almost 20% of the nonhazardous waste we generated in 2012 was paper. We continue working to drive down our paper use to lessen our environmental impact and save money. Read about our efforts to reduce paper use and purchase paper from sustainable sources.

Nonhazardous waste composition, 2012* [percentage of total]



Reused or recycled	
Metals	22.2%
Paper	18.6%
Pallets	11.4%
Electronic equipment	3.6%
Packaging materials	3.5%
Other	25.2%
Landfill	11.9%
Incineration	3.6%

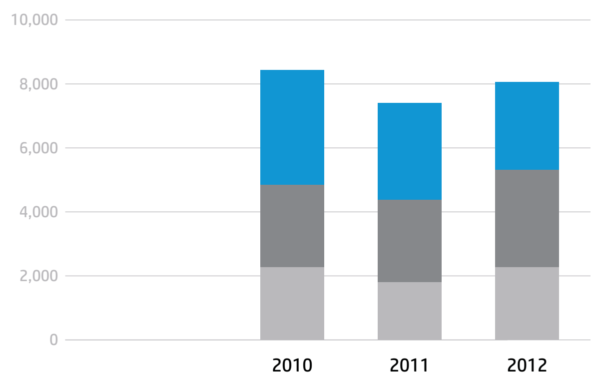
Nonhazardous waste, 2010-2012* [tonnes]



	2010	2011	2012
Americas	55,800	51,300	88,900
Europe, Middle East, and Africa	19,400	15,900	13,500
Asia Pacific and Japan	17,300	15,800	15,100
Total	**92,500**	**82,900**	**117,400**

* Some segments do not add up to total due to rounding.

Hazardous waste, 2010-2012* [tonnes]



	2010	2011	2012
Americas	3,600	3,030	2,760
Europe, Middle East, and Africa	2,570	2,560	3,040
Asia Pacific and Japan	2,260	1,810	2,270
Total	**8,430**	**7,400**	**8,060**

* Some segments do not add up to total due to rounding.

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Water

HP's operations are not water intensive, but we recognize that water availability is a growing concern globally. We are aware that some of our operations are in water-stressed regions, making water availability and quality an issue for our business, customers, and communities. We purchase the vast majority of water we use through well-regulated municipal sources[8] and participate in the CDP water program to enhance our understanding of the issue and develop a clearer picture of our water use.

Our approach to managing water use takes into account water availability at a facility's location, as well as the facility's usage, to reflect the fact that water impacts are local. We used the Global Water Tool developed by the World Business Council for Sustainable Development (WBCSD) and data produced by the University of New Hampshire to identify sites in water-stressed locations.

By 2015 we will have implemented water-saving measures at a select number of sites that these tools indicate are in water-stressed regions. Examples include flow restrictors, waterless urinals, and rainwater harvesting. We expect these measures to reduce water use across those sites by 3% from 2011 levels. This expected decrease represents a 82,600 cubic meter[9] saving—more than the 77,700 cubic meters we estimated last year as we have recalculated our baseline water use data. We don't expect large reductions at all the sites identified, as many have already made considerable savings or are office-based locations with limited potential to decrease water use.

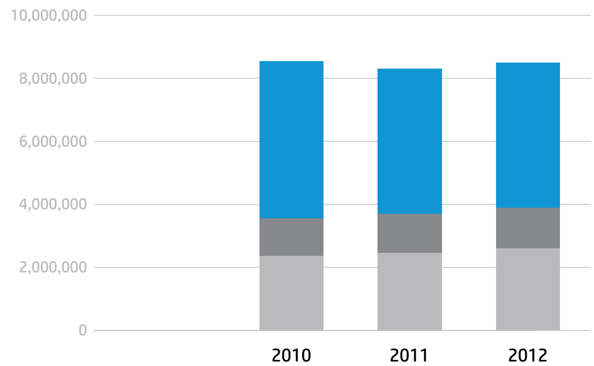
Progress in 2012

In 2012, HP's total water use was just under 8.5 million cubic meters worldwide, predominantly for domestic use in buildings, cooling, and landscape irrigation. This represents a 2% increase from 2011.

Consumption at our priority sites in water-stressed locations increased in 2012 by 3.1%, primarily due to higher production levels at one site in the Asia Pacific region. We are determining additional measures to reduce water use at this site so that we can accommodate the increased production and still achieve our 2015 goal.

Our supply chain uses a significant amount of water compared with HP's operations. In 2012, we collected water use data from first-tier production suppliers representing 38% of our total supplier spend. These suppliers reported using 28 million cubic meters of water in 2011. We continue to improve our understanding of supplier water impacts and to identify ways to reduce our total water footprint. See Environmental impacts on page 81.

Water consumption, 2010-2012* [cubic meters]



	2010	2011	2012
Americas	4,977,000	4,609,000	4,602,000
Europe, Middle East, and Africa	1,205,000	1,245,000	1,287,000
Asia Pacific and Japan	2,353,000	2,455,000	2,603,000
Total	**8,535,000**	**8,309,000**	**8,493,000**

* Some segments do not add up to total due to rounding.

Wastewater

Wastewater is not a significant environmental impact for HP. Our six imaging and printing product-manufacturing facilities discharge some treated wastewater related to these manufacturing processes.

In 2012, these manufacturing facilities generated 1,335,000 cubic meters of wastewater. These effluents are discharged under permits and treated at local treatment plants. We have procedures in place to prevent unauthorized discharges of chemicals to wastewater systems and ensure we do not discharge wastewater directly from HP operations to surface water or groundwater. Consolidating our manufacturing operations allowed us to eliminate wastewater discharges from our Boise, Idaho, United States, facility in 2012. However, production changes increased our wastewater generation at three other manufacturing sites. Globally, our total wastewater generation increased by 3% over 2011.

See performance data, including regional breakdown, in Data dashboard: Environment on page 67.

[8] Even though most water is procured from municipal sources, HP recognizes the opportunity to differentiate sources in some cases. In 2013, HP will move toward more fully using Global Reporting Initiative indicator EN8 as the protocol for tracking water by source where possible.

[9] We changed our reporting unit from liters to cubic meters following the introduction of the Hara system.

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Sustainable building design

We continue to reduce the environmental footprint of our operational real estate by using our offices more efficiently and improving the design of new and existing buildings.

Our sustainable building design checklist guides project managers when planning office improvements. It covers cost-effective, sustainable design features related to energy and materials use, waste management, and water efficiency. A scorecard completed at the end of each project notes the building's performance in each area and helps identify areas for further enhancement.

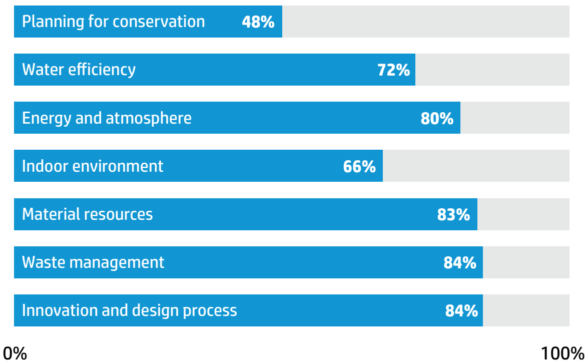
Progress in 2012

In 2012, we extended our internal sustainability survey of scorecard results from the Americas into our Europe, Middle East, and Africa (EMEA) and Asia Pacific and Japan (APJ) regions. Twelve HP facilities (eight in the Americas, three in EMEA, and one in APJ) completed the survey, and the average score globally across all areas assessed was 74%.

We seek suppliers of office furnishings and furniture who can support sustainable design. Some of our suppliers apply the e3 Furniture Sustainability Standard developed by the Business and Institutional Furniture Manufacturer's Association, which includes criteria for evaluating the social and environmental impacts of different materials. One of our vendors uses a high proportion of recycled content in its products, including 100% of preconsumer waste fabric and granite, and 41% postconsumer waste in steel products. The furniture we bought from another supplier contained 33.5% recycled content.

In some cases, we apply for LEED® certification. In 2012, two HP facilities received LEED certification: In the United States, our Sunnyvale, California, facility achieved gold certification; in France, our Paris Metro facility received silver classification. These certifications brought the total number of HP LEED–certified facilities from four to six. Four additional facilities are due to become certified in 2013 and one in 2014, across our APJ and EMEA regions.

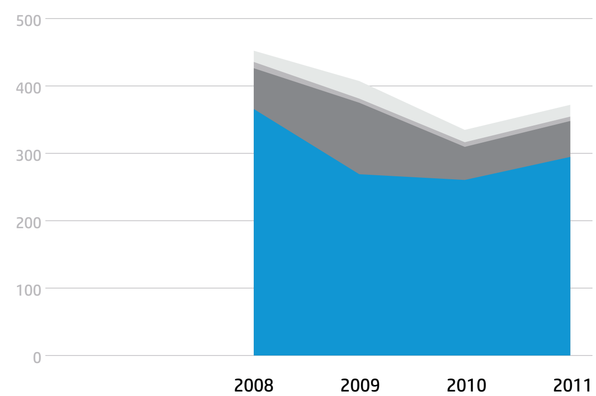
Sustainable building design progress summary
[Percentage of 12 projects tracked addressing each scorecard element in 2012]



Toxics Release Inventory

Five HP operations worldwide that are responsible for the manufacture of imaging and printing products require the use of several chemicals listed on the U.S. Environmental Protection Agency Toxics Release Inventory (TRI). Together, these sites account for all of HP's reportable TRI releases. In 2011, the quantity sent for off-site recycling increased due to a change in production activity at one of our manufacturing operations. However, we expect TRI releases to continue to decrease as we eliminate or scale down the HP processes that use those chemicals, due to changes in our business operations.

TRI releases, 2008-2011* [tonnes]



	2008	2009	2010	2011
Off-site recycling	365.8	269.0	260.5	294.7
Off-site treatment	60.5	106.1	49.1	53.3
Wastewater	9.3	6.1	6.9	6.5
Air	16.7	26.1	18.3	17.5
Total	**452.2**	**407.3**	**334.8**	**372.0**

* TRI reports are due to the U.S. EPA July 1 each year, so the most recently completed reporting year is 2011. Some segments do not add up to total due to rounding.

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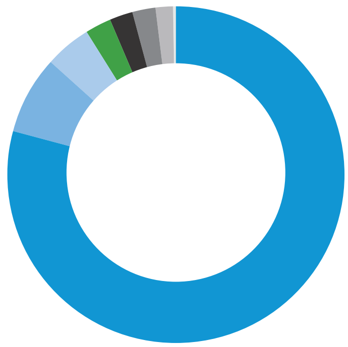
TRI releases by substance, 2011* [tonnes]



N-methyl pyrrolidone (off-site recycle)	294.6
Glycol ethers (off-site treatment)	27.9
Xylene (off-site treatment)	17.4
Xylene (air emissions)	9.0
Glycol ethers (air emissions)	8.5
Nitric acid (off-site treatment)	8.0
Nitrates (wastewater)	6.5
Lead (off-site recycle)	0.1
Total	**372.0**

* TRI reports are due to the U.S. EPA July 1 each year, so the most recently completed reporting year is 2011.

Ozone-depleting substances

HP facilities use ozone-depleting substances (ODSs) in cooling and air-conditioning systems. Although these systems are sealed, leaks during operation and maintenance could result in emissions. We continue to replace chlorofluorocarbons (CFCs) in our systems with hydrofluorocarbons (HFCs). Although HFCs are greenhouse gases, they do not deplete the ozone layer. We are also starting to replace HFC-based cooling systems with HFC-free equivalents when they reach the end of their operational lives. These HFC-free equivalents are not ODSs and have no or very low global warming potential.

In 2012, we began to calculate ODS emissions by tracking those sites that have reported replacing refrigerants due to leakage. We apply an intensity factor based on those actual quantities for nonreporting sites. Previously, we estimated the level of leakage across the entire real estate portfolio based on the inventory of refrigerants in equipment and in storage. Between this change and the ongoing replacement of CFCs we saw a significant reduction in estimated ODS emissions in 2012. This was particularly true among refrigerants with high ozone-depleting potential values (Halon 1301, R11).[10]

See performance data, including regional breakdown, in Data dashboard: Environment on page 67.

Remediation

Where needed, HP conducts or contributes to soil and groundwater remediation to clean up contaminated sites. These sites include former HP and legacy manufacturing locations where contamination took place beginning in the late 1970s. We are also involved in remediation at sites where third parties managed both our wastes and those generated by other organizations. Globally, HP conducted or contributed to remediation at 20 sites in 2012.

We apply the risk-prevention and management procedures of our environmental, health, and safety (EHS) management system to help prevent future releases at our facilities and to avoid sending wastes to third-party facilities that may not handle them responsibly. HP had no significant spills in 2012 that adversely impacted soil or groundwater.

Biodiversity

HP's direct operational impact on biodiversity is minimal because we build very few facilities relative to our size and growth. When we do build, we often use previously developed land, which reduces our expansion into undeveloped areas.

However, we have an indirect impact on biodiversity through forestry because we sell and use significant amounts of paper. Our Environmentally Preferable Paper Policy sets out our standards for buying, selling, and using paper and paper-based packaging. We increasingly source paper from suppliers that demonstrate sustainable forestry and responsible manufacturing practices, and we strive to reduce the amount of paper we use in our operations and recycle paper when possible. Read more about paper use at HP.

[10] We use various tools and sources for global warming potential and ozone-depletion values, including the Greenhouse Gas Protocol's GHG Emissions from Refrigeration and Air Conditioning tool, IPCC Second Assessment Report (1995).

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Goals

Energy and GHG emissions

2012 goal	Progress
Double voluntary purchases of renewable energy to 8% of electricity use (in addition to the renewable energy available by default in the power grid).	We purchased 496 million kWh of renewable energy worldwide in 2012, in addition to 3 million kWh generated on-site, equivalent to 13% of our total electricity consumption. This performance continues to exceed our goal, first reached in 2011, and represents a 60% increase since 2010. We expect to maintain this level of commitment moving forward; purchasing renewable energy will be an important strategy toward meeting our new long-term GHG emissions reduction goal.
2013 goal	
Reduce the greenhouse gas emissions from HP-owned and HP-leased facilities by 20% relative to 2005 levels by the end of 2013 on an absolute basis.	We achieved this goal in 2011, two years early. In 2012, our operations produced 1,889,000 tonnes of carbon dioxide equivalent (CO_2e) emissions, an 8% reduction from our new 2010 baseline.
2015 goal	
Reduce GHG emissions from HP's U.S. auto fleet by 10% on a per unit basis, compared to 2010.	We are on track to achieve this goal, primarily through introducing more fuel-efficient vehicles into our U.S. auto fleet.
2020 goal	
Reduce total greenhouse gas emissions from our operations (Scope 1 and Scope 2) by 20%, compared to 2010.	

Water

2015 goal	Progress
Reduce freshwater use at sites identified as water-stressed by 3%, compared to 2011 consumption at those locations.	Consumption at these locations increased by 3.1% in 2012, primarily due to higher production levels at one site in the Asia Pacific region. We are determining additional water-saving measures to meet our 2015 goal.

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Data dashboard: Environment[1]

Products and solutions	2008	2009	2010	2011	2012
GHG emissions from product transport (estimated)* [tonnes CO_2e]	1,800,000	1,700,000	1,900,000	1,900,000	1,700,000

* These figures for transport GHG emissions are based on data reported by logistics service providers that HP contracts to deliver our products. They differ from the larger product life cycle assessment-based estimate presented in Energy and climate on page 29, which includes additional upstream and downstream transport related to our products, as well as retail and storage. These data do not include data from all recent HP acquisitions.

Product return and recycling*	2008	2009	2010	2011	2012
Total cumulative recycling-computer hardware and supplies combined [tonnes]	651,000	763,000	884,500	1,018,400	1,152,000
Total cumulative recycling-computer hardware and supplies combined [million pounds]	1,435	1,682	1,949	2,245	2,540
Total reuse and recycling combined [tonnes, approximate]	153,000	142,000	151,000	160,600	159,550
Reuse of equipment**	34,000	30,000	30,000	26,700	26,000
Recycling-hardware and supplies	119,000	112,000	121,000	133,900	133,550
Number of countries and territories with HP return and recycling programs	53	56	58	60	69
Total recycling, by region [tonnes]	119,000	112,000	121,000	133,900	133,550
Americas	36,000	37,500	38,600	49,600	60,165
Europe, Middle East, and Africa	76,700	69,300	76,300	77,100	67,700
Asia Pacific and Japan	6,700	5,600	5,900	7,200	5,685
Total recycling, by type [tonnes]	119,000	112,000	121,000	133,900	133,550
Hardware	98,600	90,500	99,100	113,650	114,455
HP LaserJet toner cartridges ***	19,000	20,100	19,600	18,550	17,350
HP ink cartridges ***	1,850	1,800	2,200	1,700	1,745
HP LaserJet toner cartridge recycling					
Percentage of HP LaserJet market covered by program	90%	90%	92%	94%	94%
Composition					
Percentage of materials recycled into new products	76%	80%	85%	82.1%	80.1%
Percentage of materials used for energy recovery	24%	20%	15%	13.9%	15.9%
Percentage reuse of components****				4.0%	4.0%
Percentage material in storage-pending processing****				0.0%	0.0%
Percentage incineration****				0.0%	0.0%
Percentage landfill****				0.0%	0.0%

continued

[1] Some segments do not add up to total due to rounding.

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Product return and recycling*	**2008**	**2009**	**2010**	**2011**	**2012**
HP ink cartridge recycling					
Percentage of ink market covered by program	88%	88%	87%	88%	88%
Composition					
Percentage of materials recovered for recycling	59%	64%	73%	74.2%	69.1%
Percentage of materials used for energy recovery	38%	31%	23%	21.6%	29.3%
Percentage reuse of components****				0.0%	0.0%
Percentage material in storage-pending processing****				0.2%	0.0%
Percentage incineration****				4.0%	1.5%
Percentage landfill****				0.0%	0.0%

* Recycling totals include all hardware and supplies returned to HP for processing; with ultimate dispositions including recycling, energy recovery, and, where no suitable alternatives exist, responsible disposal. Hardware recycling data from Europe, Middle East, and Africa, and HP LaserJet recycling data are calendar year. The remaining data are based on the HP fiscal year.

** The decrease in tonnage from 2008–2012 is due to a reduction in the average weight of returned units rather than to a decline in the total number of returned units. Returned units during that period were: 2008: 3.46 million units; 2009: 3.58 million units; 2010: 3.81 million units; 2011: 3.44 million units; 2012: 3.9 million units.

*** Includes cartridges returned by customers and cartridges from HP internally through 2010. The 2011 and 2012 figures are cartridges returned by customers only.

**** This category of data was added in 2011.

HP operations (also see GHG emissions below)	**2010**	**2011**	**2012**
Energy use [million kWh]	4,334	4,239	4,109
Energy intensity* [thousand kWh/$ million USD of net revenue]	34.4	33.3	34.1
Direct energy use in operations (corresponds to Scope 1 emissions)	512	450	379
Electricity (generated on site) [million kWh]	36	22	24
Natural gas [million kWh]	476	428	355
Americas	283	249	202
Europe, Middle East, and Africa	185	171	145
Asia Pacific and Japan	8	8	9
Renewable (generated on-site) [million kWh]	2	2	3
Diesel/gas/oil**	34	19	21
Indirect energy use (corresponds to Scope 2 emissions)	3,822	3,789	3,729
Electricity (purchased) [million kWh]	3,822	3,789	3,729
Americas	2,224	2,187	2,111
Europe, Middle East, and Africa	1,006	952	944
Asia Pacific and Japan	592	650	674
Voluntary purchases of renewable energy*** [million kWh]	309	467	496
Nonhazardous waste [tonnes]	92,500	82,900	117,400
Americas	55,800	51,300	88,900
Europe, Middle East, and Africa	19,400	15,900	13,500
Asia Pacific and Japan	17,300	15,800	15,100
Nonhazardous waste landfill diversion rate [percentage of total produced]			
Global	84.8%	82.0%	88.1%
Americas	81.8%	80.4%	88.9%
Europe, Middle East, and Africa	89.3%	87.4%	89.1%
Asia Pacific and Japan	89.6%	81.8%	82.5%
Nonhazardous waste composition, 2012 [percentage of total] (See Waste and recycling on page 61.)			

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HP operations (also see GHG emissions below)	2010	2011	2012
Hazardous waste [tonnes]	8,430	7,400	8,060
Americas	3,600	3,030	2,760
Europe, Middle East, and Africa	2,570	2,560	3,040
Asia Pacific and Japan	2,260	1,810	2,270
Water consumption [cubic meters]	8,535,000	8,309,000	8,493,000
Americas	4,977,000	4,609,000	4,602,000
Europe, Middle East, and Africa	1,205,000	1,245,000	1,287,000
Asia Pacific and Japan	2,353,000	2,455,000	2,603,000
Wastewater generation [cubic meters]	1,225,000	1,296,000	1,335,000
Americas	562,000	587,000	533,000
Europe, Middle East, and Africa	264,000	259,000	290,000
Asia Pacific and Japan	399,000	450,000	512,000
Ozone depletion potential of estimated emissions**** [kg of CFC-11 equivalent]	9,619	6,782	535
Americas	6,307	5,963	354
Europe, Middle East, and Africa	70	96	54
Asia Pacific and Japan	3,242	723	127
TRI releases by disposition and by substance (See Toxics Release Inventory on page 64.)			

* Historical energy intensity values were calculated using HP's annual revenue as characterized in financial reporting and direct and indirect energy use.

** Diesel is mostly used at HP for testing generators. In limited cases, diesel is also used for long-term onsite energy generation.

*** Renewable energy and renewable energy credits, in addition to the renewable energy available by default in the power grid.

**** In 2012, we began to calculate ODS emissions by tracking those sites that have reported replacing refrigerants due to leakage. We apply an intensity factor based on those actual quantities for nonreporting sites. Previously, we estimated the level of leakage across the entire real estate portfolio based on the inventory of refrigerants in equipment and in storage. Between this change and the ongoing replacement of CFCs we saw a significant reduction in estimated ODS emissions in 2012. This was particularly true among refrigerants with high ozone-depleting potential values (Halon 1301, R11) that were assumed to be leaking but reported much lower or even zero quantities in 2012. We use various tools and sources for global warming potential and ozone-depletion values including the Greenhouse Gas Protocol's GHG Emissions from Refrigeration and Air Conditioning tool, IPCC Second Assessment Report (1995).

GHG emissions (Scopes 1-3, including from operations)*	2010	2011	2012
GHG emissions from operations** [tonnes CO_2e]	2,057,000	1,990,000	1,889,000
Americas	1,238,000	1,197,000	1,098,000
Europe, Middle East, and Africa	355,000	282,000	264,000
Asia Pacific and Japan	464,000	510,000	527,000
GHG emissions intensity*** [tonnes CO_2e/$ million USD of net revenue]	16.3	15.6	15.7
GHG emissions by scope [tonnes CO_2e]			
Scope 1			
Scope 1 emissions, by region [tonnes CO_2e]	327,300	310,800	246,000
Americas	192,800	185,200	144,500
Europe, Middle East, and Africa	104,700	102,400	84,000
Asia Pacific and Japan	29,900	23,100	17,500
Scope 1 emissions, by type			
Natural gas [tonnes CO_2e]	86,500	77,900	64,700
Americas	51,400	45,400	36,800
Europe, Middle East, and Africa	33,600	31,200	26,300
Asia Pacific and Japan	1,500	1,400	1,600

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GHG emissions (Scopes 1-3, including from operations)*	2010	2011	2012
Diesel/gas/oil [tonnes CO_2e]	15,600	6,800	7,400
Americas	3,200	1,400	2,400
Europe, Middle East, and Africa	500	400	300
Asia Pacific and Japan	11,900	5,000	4,700
Transportation fleet [tonnes CO_2e]	144,800	142,800	133,000
Americas	80,300	77,200	78,900
Europe, Middle East, and Africa	63,700	61,700	51,100
Asia Pacific and Japan	800	3,900	3,100
Refrigerants (HFCs) [tonnes CO_2e]	77,000	75,100	37,500
Americas	54,500	53,100	23,100
Europe, Middle East, and Africa	6,800	9,200	6,300
Asia Pacific and Japan	15,700	12,900	8,100
PFCs**** [tonnes CO_2e]	3,440	8,200	3,400
Americas	3,400	8,160	3,400
Europe, Middle East, and Africa	40	40	0
Asia Pacific and Japan	0	0	0
Scope 2			
Scope 2 emissions, by region [tonnes CO_2e]	1,730,000	1,679,000	1,643,000
Americas	1,046,000	1,012,000	954,000
Europe, Middle East, and Africa	250,000	180,000	180,000
Asia Pacific and Japan	434,000	487,000	509,000
Scope 2 emissions, by type	1,730,000	1,679,000	1,643,000
Purchased electricity for operations [tonnes CO_2e]	1,950,000	1,973,000	1,962,000
Americas	1,124,000	1,108,000	1,070,000
Europe, Middle East, and Africa	391,000	378,000	382,000
Asia Pacific and Japan	434,000	487,000	509,000
Reductions from voluntary purchases of renewable energy and renewable energy credits [tonnes CO_2e]	-165,000	-245,000	-268,000
Americas	-79,000	-96,000	-116,000
Europe, Middle East, and Africa	-86,000	-149,000	-152,000
Asia Pacific and Japan	0	0	0
Reductions from voluntary upgrades to other no/low-carbon energy sources (such as large hydro) [tonnes CO_2e]	-55,000	-48,000	-51,000
Americas	0	0	0
Europe, Middle East, and Africa	-55,000	-48,000	-51,000
Asia Pacific and Japan	0	0	0

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GHG emissions (Scopes 1-3, including from operations)*	2010	2011	2012
Scope 3 [tonnes CO_2e]		76,720,000	
Materials extraction through manufacturing (Scope 3, category 1; also see Production supplier GHG emissions performance in Supply chain responsibility) [tonnes CO_2e]		23,500,000	
Capital goods (Scope 3, category 2) [tonnes CO_2e]		800,000	
Upstream energy production (Scope 3, category 3) [tonnes CO_2e]		400,000	
Transport (Scope 3, categories 4 and 9; also see GHG emissions from product transport in Products and solutions) [tonnes CO_2e]		3,700,000	
Waste generated in operations (Scope 3, category 5) [tonnes CO_2e]		De minimis†	
Commercial air travel (Scope 3, category 6)†† [tonnes CO_2e]	304,000	320,000	271,000
Employee commuting (Scope 3, category 7) [tonnes CO_2e]		900,000	
Upstream leased assets (Scope 3, category 8) [tonnes CO_2e]		De minimis†††	
Processing of sold products (Scope 3, category 10) [tonnes CO_2e]		De minimis	
Product use (Scope 3, category 11) [tonnes CO_2e]		47,100,000	
Product end of life (Scope 3, category 12) [tonnes CO_2e]		0	
Buildings leased to others (Scope 3, category 13) [tonnes CO_2e]		0	
Franchises (Scope 3, category 14) [tonnes CO_2e]		Not applicable	
Investments (Scope 3, category 15) [tonnes CO_2e]		De minimis	

* HP has followed the principles outlined in the GHG Protocol corporate and value chain standards. We have also had our global Scope 1, 2, and 3 GHG emissions assured by Ernst & Young. Additional details on Scope 3 calculations and methodology can be found in HP's "Carbon Accounting Explanations" document.

** Total includes Scope 1 and Scope 2 emissions in table.

*** Historical emissions intensity values were calculated using HP's annual revenue as characterized in financial reporting and Scope 1 and Scope 2 GHG emissions.

**** Use of updated industry standard emissions factors for process tools resulted in a considerable increase in estimated emissions in 2011. Estimated emissions decreased in 2012 because of changes in process activity. These data are based on the calendar year.

† De minimis values are less than 0.25% of total Scope 3 emissions.

†† Values were provided by HP's global travel agency, which factors the type of aircraft, passenger and cargo load, cabin class, and miles traveled for each ticketed trip.

††† All facilities accounted for in Scope 1 and 2.

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Society

We apply our talent, technology, and partnerships to improve communities and address social challenges. We promote responsible practices in our supply chain, respect human rights, and strive for a workplace where all of our employees can flourish.

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Human rights

HP takes an uncompromising view on human rights: we must always respect them ourselves and work tirelessly to influence others to do the same. Due to our scale and scope, our business can impact a wide range of human rights. Consequently, we have established a centralized human rights program in our Ethics and Compliance Office. In addition to identifying and managing our own impact on human rights, we devote significant time and resources to providing leadership in multi-stakeholder forums promoting the effective implementation of processes to ensure respect for human rights in business.

Respecting human rights in everything we do is a core principle at HP. Human rights are the fundamental rights, freedoms, and standards of treatment to which all people are entitled and are outlined in international conventions, declarations, and treaties including the United Nations Universal Declaration of Human Rights (UDHR). In addition to defining these rights, the UN has also published its "protect, respect, remedy" framework. This outlines a conceptual and policy framework for business and human rights as well as guiding principles for its implementation.

HP's respect for human rights is not new. HP has been a signatory to the UN Global Compact, which includes 10 universally accepted principles in the areas of human rights, labor, environment, and anticorruption, since 2002 (see UN Global Compact index on page 139).

HP's Global Human Rights Policy (available in 21 languages) includes the following key commitments:

- Comply with laws and regulations where HP does business and adopt and apply international standards where laws are less stringent
- Complete due diligence to avoid complicity in human rights violations
- Regularly assess human rights risks, policies, and impacts, and provide visibility of the results to senior executives
- Provide access to independent grievance mechanisms immediately to raise concerns or identify adverse human rights impacts
- Promptly investigate allegations and pursue actions to mitigate any adverse human rights impacts
- Promote continual improvement through capability building for our business partners, terminating relationships only as a last resort
- Advance our human rights practices through a journey of cumulative progress
- Report transparently on our efforts

Several other HP policies and standards also guide our approach to respecting human rights. See "Human rights–related policies" below for links to these.

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Beyond the basic responsibility to respect human rights across our business, we also support and promote the enjoyment of rights in the communities where we operate. From local community and employee engagement programs to large-scale social innovation programs, we focus the collective power of our people, portfolio, and partnerships for greatest impact (see Social innovation on page 120). We also participate in industry leadership initiatives and organizations advancing a common understanding of respect for human rights in business such as the Global Business Initiative on Human Rights (GBI) and BSR.

Human rights management

HP's Ethics and Compliance Office, within the Office of the General Counsel, is responsible for ensuring the implementation of our human rights policy and for defining processes to assure the prevention, mitigation, and remediation of any human rights impacts across HP's business. In doing so, our human rights program management office works closely with HP's business units and global functions to address human rights impacts across a wide range of business activities including supply chain management, labor relations, employee health and safety, global trade, and consumer and employee data privacy. For more detail on these programs, see the following sections of this report:

- Corporate ethics on page 18
- Supply chain responsibility on page 75
- Privacy on page 103
- HP people on page 108

HP's Global Citizenship Council ensures company-wide commitment and alignment to HP's global citizenship objectives including governance of our human rights program.

2012 progress

Building on earlier third-party assessments, in 2012 HP developed a human rights risk assessment process tailored to our operations and potential human rights risks. We plan to conduct assessments annually to continually improve our understanding of human rights risks in our various business operations. We will include the results from these reviews in updates to the Office of the General Counsel and Global Citizenship Council on the status of human rights management across our business.

During 2012, external advocacy and leadership remained an important part of our program, and we focused our efforts through GBI and BSR. Leadership engagements included:

- Contributing to the State of Play Report "The Corporate Responsibility to Respect Human Rights in Business Relationships" published by the Institute for Human Rights and Business and GBI.
- Presenting on "Implementing Corporate Respect for Human Rights in Practice" at the East African Roundtable for Business Leaders, held in Nairobi, Kenya, in November 2012. Delegates from the UN and leading global corporations discussed integrating human rights into company operations with East African business representatives.
- Participating in the BSR Human Rights Working Group for company practitioners. HP assisted in the development of a standard human rights training document for the working group, which provides a "safe space" for learning and sharing information between companies.

We also pursued specific initiatives to secure conflict-free mineral sources from the Democratic Republic of Congo (see Conflict minerals on page 96).

In 2013, we will add a human rights module to HP's Standards of Business Conduct refresher training taken by all employees to raise awareness of potential issues employees may encounter.

Human rights–related policies

HP policies with particular relevance to human rights include:

- HP Standards of Business Conduct
- HP Global Human Rights Policy
- Contingent Worker Code of Conduct
- HP Environmental, Health, and Safety (EHS) Policy
- HP Global Citizenship Policy
- HP Global Master Privacy Policy
- HP Harassment-Free Work Environment Policy
- HP Nondiscrimination Policy
- HP Open Door Policy
- HP Electronic Industry Citizenship Coalition (EICC) Code of Conduct (supplier code of conduct)
- HP Supply Chain Social and Environmental Responsibility Policy
- Partner Code of Conduct

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Supply chain responsibility

HP has one of the industry's most extensive supply chains. Comprising more than 1,000 production suppliers and tens of thousands of nonproduction suppliers,[1] HP's supply chain spans six continents, more than 45 countries and territories, and many cultures. The breadth and depth of our supply chain is a core part of HP's success, but it also brings challenges. We embrace the opportunity and our responsibility to address them.

HP has worked with suppliers for more than 12 years to improve social and environmental responsibility (SER) standards throughout the information technology (IT) supply chain (see HP supply chain SER milestones). In a constantly evolving supplier landscape, our supply chain SER program seeks innovative ways to approach SER issues and to increase the positive impact of our efforts. We use our scale, purchasing power, and knowledge to achieve our objectives.

1st

in the IT industry to issue supplier guidelines for the responsible management of student and temporary workers (released in early 2013)

1st

independent management system assessments of HP supplier facilities conducted

#2

rating in the Enough Project's survey "Taking Conflict Out of Consumer Gadgets: Company Rankings on Conflict Minerals 2012"

[1] HP uses the terms "production suppliers" and "nonproduction suppliers" throughout this report. "Production suppliers" refers to suppliers that provide materials for HP products. "Nonproduction suppliers" refers to suppliers that provide goods and services that do not go into the production of HP products, excluding logistics service providers.

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Our program addresses the full range of SER issues—combining rigorous auditing with collaborative capability-building initiatives and targeting both production and nonproduction suppliers. For complete information regarding our approach to managing our Supply Chain SER program, see HP's approach to supply chain responsibility, a separate document on our website.

We have made strong progress in several areas. Our audit results over time show a decrease in the number of nonconformances to our code of conduct between initial and full re-audits of supplier facilities. We have also led the IT industry in efforts to eliminate conflict minerals from our supply chain, while targeting high-risk issues such as student labor. We have enhanced our auditing program to cover a larger number of supplier sites more efficiently, and to include our first independent management system assessments. We have also expanded our program beyond production suppliers to also cover nonproduction suppliers. But we recognize that if we want to achieve a truly sustainable supply chain—one in which strong SER performance is self-perpetuating—we need to take more significant steps (see Program direction at right).

Our approach

This section provides the latest updates to our approach to supply chain social and environmental responsibility (SER) in 2012. For complete information regarding our approach, see HP's approach to supply chain responsibility, a separate document on our website. That document includes detailed information regarding our work to:

- Assess SER risks in our supply chain
- Measure suppliers' SER performance
- Promote sustained supplier SER improvement through capability-building initiatives
- Conduct stakeholder engagement to research and better understand supply chain SER issues and to formulate responsive programs and initiatives
- Develop leading policies and standards
- Integrate SER into our procurement process.

We have used this approach—and we will continue to use it—to manage our supply chain SER program since its inception. However, we have identified a few high-risk situations that are beyond our traditional sphere of influence through the program. These issues demand a course that considers the unique factors that make them so important. Conflict minerals is one such issue, relating to suppliers many tiers deep in our supply chain. While many aspects of our traditional approach to supply chain SER management—such as risk assessment—are also part of our approach to conflict minerals, the supplier engagement aspect of our program in that area is unique. Read about our approach to conflict minerals, which emphasizes industry collaboration and intensive government engagement, in Conflict minerals on page 96.

Program direction

HP's vision is for a sustainable supply chain, with empowered partners that own and prioritize the well-being of the people, communities and environment around them. We have been working toward this vision for more than a decade, evidenced by the 12-year history of our supply chain SER program.

In 2012, we introduced a series of fundamental changes to the way we manage supply chain SER. These are intended to deliver lasting value to our suppliers, customers, and the communities in which they operate.

Increased supplier ownership of SER and management system discipline

Supply chain SER programs have traditionally focused on helping suppliers pass audits. Although audits can be an excellent measurement tool, they only provide a snapshot of performance and do not lead to lasting performance improvements on their own. Our data show that suppliers that take ownership of improving their audit scores, and invest in effective management systems, have stronger long-term SER performance.

Since we began our auditing program in 2005, we have used trained and dedicated HP SER auditors and have validated our approach periodically with third-party audits. Our internal auditors have always supported post-audit remediation efforts at supplier facilities.

Beginning in 2013, we will encourage suppliers to take greater ownership of improving their performance by requiring them to schedule and pay for quality-controlled, independent third-party audits and corrective action management on a regular basis. Over time this transition will increase the number of audits and free up HP resources and expertise to focus on direct supplier engagement that supports supplier ownership, including hosting and supporting capability-building initiatives (see Capability building on page 93) and helping suppliers develop supplier management systems that will produce sustained SER performance improvements. Transparently sharing the results of supplier audits and the associated corrective actions remains a central part of our supplier performance management system (see HP's approach to supply chain responsibility).

In 2013, we will begin implementing a five-tier rating system for supplier facilities that draws on the results of third-party supplier audits and remediation efforts, alongside other SER performance indicators. Business incentives will encourage suppliers to achieve higher ratings, while poor ratings could result in a reduction of business for suppliers. This system will be integral to our regular business reviews and award cycles with suppliers.

Tackling new and persistent issues

Audit trends and external stakeholder input, among other sources, underscore several critical, persistent SER issues in the IT supply chain that require increased attention and investment. These include:

- Excessive working hours
- Wages and overtime payments

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- Student, dispatch, and foreign migrant labor rights protection
- Industrial relations
- Supplier SER management systems (including health and safety)
- Measuring and mitigating greenhouse gas emission and water use impacts

We are using a variety of approaches to address these issues, including enhanced policies and standards, industry collaboration, public/private partnerships, and independent assessments. We are also increasing investment in our existing capability-building programs.

For example, in early 2013 we introduced the "HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China." This document directs suppliers on how to properly manage student and temporary agency workers in China, and it is part of a broader program that includes capability-building and assurance mechanisms to improve conformance.

We are also expanding our efforts to improve the environmental performance of our supply chain. In particular, we are beginning to focus on reducing waste and water use (see Environmental impacts on page 81). For the first time, we have reported supplier water consumption data in this 2012 Global Citizenship Report. Similar to our work on supplier greenhouse gas (GHG) emissions, capturing and reporting water consumption data will help our suppliers better understand their environmental impacts and eventually implement reduction targets.

Beyond our immediate suppliers

Social and environmental performance risks exist deep in our supply chain, not just with our first- and second-tier suppliers. Our stakeholders expect us to know the source of materials used in our products and the major suppliers involved. Examples of key issues regarding our products and packaging are responsible sourcing of minerals and paper and wood products. HP conducts due diligence on these issues, which clarifies how these materials are sourced and demonstrates that HP supports responsible trade. We are committed to increasing our understanding of our extended supply chain. In this report, we have for the first time published a list of the tantalum, tin, tungsten, and gold smelters we have confirmed to be in our supply chain (see Conflict minerals on page 96).

Transparency

HP has a long history of transparency in our supply chain SER program. Examples include:

- In 2005, we believe we were the first electronics company to publish aggregated supplier audit results.
- In 2008, we were the first electronics company to publish a list of suppliers, and we were the first major IT company to disclose our supply chain GHG emissions.
- In 2013, we became the first IT company to publish our supply chain water footprint.
- In 2013, we became the first IT company to publish its supply chain smelter list.

We maintain each of these disclosures in our annual Global Citizenship Report.

In addition, this year we are expanding the level of detail in our supplier list to include the locations and addresses of product assembly sites and the HP product types that are manufactured at each of these locations. See HP's list of suppliers.

Supplier visits

In 2012, we continued our emphasis on transparency by providing third-party stakeholders, including the media, access to our supplier facilities. In December 2012, we invited the *New York Times* (NYT) to tour one of our largest supplier manufacturing facilities, in Chongqing, China. This visit focused on the improved conditions that HP and our suppliers are providing to workers. The NYT documented the trip and published a video. In 2012, we also requested independent assessments of our suppliers' facilities by notable external stakeholders, including:

- Social Accountability International (SAI): Labor rights NGO SAI assessed three of our suppliers, one each in China, Europe, and Latin America. See Supplier SER management systems (including health and safety) on page 80 for more information.
- IDH: The Sustainable Trade Initiative: IDH assessed five HP suppliers. The assessments evaluated suppliers' operations and identified areas of improvement. See Industrial relations on page 95 for more information.

Independent management system assessment

Understanding that mature and well-implemented management systems are key to sustained performance improvement, HP commissioned SAI to perform independent assessments of our supply chain SER management system, as well as the labor and health and safety management systems of several of our suppliers.

Overall, HP's management system for supply chain SER scored higher than the average SAI member company measured in 2012. Details include:

Above-average results

- Sourcing and compliance integration between HP and suppliers scored higher than average for SAI member companies. In addition to a strong commitment from senior supply chain management, HP demonstrated a solid degree of integration in decision-making and performance evaluations between compliance and sourcing functions. In 2013, we will further enhance our integration efforts through the establishment of a five-tier supplier rating system that integrates SER with business performance (see Program direction on page 76).

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- Our complaint management system development and implementation score was among the highest achieved based on the maturity of our transparency, worker communications, and external stakeholder dialogue program efforts.
- Annual supplier improvement efforts received an above-average rating. SAI cited HP's key capability-building programs, including the Health Enables Returns project, the Gender Equity Model (Modelo de Equidad de Genero) certification program, and the Hepatitis B Antidiscrimination Training (see Capability building on page 93).
- Our overall supplier SER performance scored well due to our collaborative improvement efforts that address critical issue areas, including health and safety and working-hours management.

Average results

- HP's supply chain SER program scope and risk management process scored equally to the average SAI member company measured in this category. Our five-tier supplier rating system will elevate the priority of SER in supplier performance reviews and further complement our risk assessment process.

Below-average results

- The link between our purchasing practices and excessive supplier overtime impacts scored below average, and SAI identified this as an improvement that HP could make (see Excessive working hours at right).

In addition to reviewing HP's management system for supply chain SER, SAI was also invited to review the management systems of HP suppliers in 2012 (see About our operational data on page 56).

"After participating in the Social Fingerprint assessment, suppliers told us that they appreciated the opportunity to benchmark themselves against other companies and learn about leading practices. They saw this as another concrete example of HP's commitment to collaboration and capability building. HP's commitment is also evident in the fact that it underwent the Social Fingerprint assessment of its own supply chain management system. This points to the company's understanding that buyers and suppliers have a shared responsibility for improving labor standards in the workplace."

—Jane Hwang and Craig Moss, Social Accountability International

Transparency down the supply chain

We strive to help suppliers become more transparent. In 2012, we met our goal to engage with suppliers representing 90% of final assembly spend to develop strategies and/or participate in training for publication of annual corporate responsibility reports based on the Global Reporting Initiative (GRI) standard. (See HP's supplier list for information on which suppliers currently publish GRI-based reports).

We were instrumental in calling for and creating an Electronic Industry Citizenship Coalition transparency task force aimed at developing membership reporting requirements and eliminating barriers to supplier transparency. We are also creating incentives for improved corporate responsibility reporting through our new five-tier rating system and requirements in our procurement process.

Our commitment to openness endures, and we will continually enhance the transparency of our supply chain SER program, including sharing increased detail on our supplier network, publicly releasing new and revised policies such as our "HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China (PRC)," continuing consultation and supplier site access by third parties, disclosing key performance indicators, and including the results of our broadening set of assessment types with our existing audit data reporting.

Progress in 2012

Throughout this section, we provide updates on each of the most critical labor and environmental supply chain issues. The section includes third-party input into those issues from academia, nongovernmental organizations, socially responsible investors, the media, and other external stakeholders, as well as HP's initiatives to address them. Third-party input provides not only an important barometer of current and emerging supply chain issues but also a partnership platform to further assist supplier management and workers in SER performance improvements.

In this section, we also report updated audit results from 2012.

Labor impacts

Excessive working hours

The most commonly found major nonconformances at supplier facilities in several regions relate to excessive working hours. HP's EICC Code of Conduct states that workweeks are not to exceed the maximum set by local law. It also states that a workweek should not be more than 60 hours, including overtime, except in emergency or unusual situations.

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Electronic Industry Citizenship Coalition (EICC) working group

HP is making a concerted effort to reduce instances of excessive working hours in our supply chain. In 2012, the EICC reinstated its working group to address the root causes of excessive working hours. HP is cochair of the group, which aims to make a measurable impact on reducing excessive working hours by 2014. We will help by implementing:

- Data collection that will demonstrate progress, guide training efforts, and identify gaps and trends
- Training to help suppliers set up management systems and monitoring processes
- Cross-industry collaboration to promote best practices outside the IT industry
- The EICC's latest independent auditing system that treats the most egregious working-hours nonconformances as zero-tolerance items, meaning that suppliers must rectify the situation within 30 days of the original audit

The working group's deliverables and HP's program will focus initially on China-based manufacturing facilities of EICC members and their first-tier suppliers.

Working hours key performance indicators (KPIs)

Since 2009, we have required supplier sites in China with major nonconformances related to working hours to report monthly KPIs that track the amount of overtime and the number of days each worker has off per week. The data we have received have shown that the proportion of people working less than 60 hours in 2012 was 70%, an improvement of 15% over the past three years. In particular, we have seen positive results when a facility's management has acknowledged the benefits of reporting and monitoring these KPIs. These positive results are not necessarily yet reflected in our audit findings because although improvements have been made, the results may not meet the thresholds required by our audit process.

HP verifies suppliers' KPI data reported to us against local data found on-site during SER supplier audits. In 2012, we did not find any inconsistencies between our audit findings and the self-reported data from our suppliers.

Currently, approximately 30 production supplier sites in China with major nonconformances related to working hours report monthly KPIs to us. These 30 sites represent more than 75% (by spend) of production supplier sites with major working-hours nonconformances, which meets our 2012 goal.

By the end of 2013, we aim to expand our KPI program by including another 20 supplier sites. We will focus on our first-tier final assembly sites. We also plan to increase data collection frequency and to include KPI measurements for high-risk workers (for example, student and juvenile workers).

HP procurement professionals will increase collaboration with suppliers to solve issues more effectively through the program's expanded KPI visibility and intensified KPI management processes. We work with suppliers that report KPIs to us on capability-building programs to encourage lasting improvements (see Capability building on page 93).

Wages and overtime payments

A number of reports issued in the media and by NGOs have raised concerns about low wages and insufficient or no payments for overtime to workers in the electronics supply chain. We believe that the first step to improving this situation is to understand the gaps that exist between actual wages, the concept of a living wage (which takes into consideration living costs for certain regions or cities), and wages desired by workers in major sourcing regions.

In 2012, we commissioned an independent study looking into these issues in China. When complete in 2013, the study will allow us to establish recommendations for wage systems at major manufacturing suppliers.

Student, dispatch, and foreign migrant labor rights protection

The changing supplier landscape around the world is characterized by a shifting worker base that includes a number of categories of workers who we consider to be at high risk of mistreatment. These include migrants, students, temporary workers, and women.

One of the most significant changes occurring in our supply chain is a shift in manufacturing from the eastern regions of China, such as the Pearl River Delta, to western China. Suppliers throughout the ICT industry are moving their facilities west. This shift has resulted in fewer migrant workers. However, it has also brought new challenges for HP and our peer companies. In particular, the use of student workers by electronics company suppliers has increased.

The NGO China Labor Watch released a report in 2012 describing underage, student, and temporary labor at several electronics manufacturing locations in China. This report was released during a time when a first-tier HP supplier admitted publicly to using underage student workers. HP confirmed that neither of these incidents related to facilities in which HP products or components are made. Nonetheless, we have taken steps to promote the correct use of student workers by our suppliers.

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HP's student worker guidelines

In response to the growing focus on student labor management violations in the electronics industry supply chain, HP has developed specific student and dispatch worker guidance for supplier facilities in China. "HP Student and Dispatch Worker Guidance Standard for Supplier Facilities in the People's Republic of China (PRC)" is an industry-leading initiative and was communicated to suppliers in early 2013.

In addition to mandating fair remuneration and social insurance, HP's guidelines state:

- All work must be voluntary.
- Local regulations must be complied with or exceeded.
- The number of student and dispatch workers must be limited.
- Work must complement primary study areas.

HP has asked suppliers to conform to the guidelines immediately. We will measure their conformance through our audit and key performance indicator programs and will provide training through a series of in-country events in 2013. HP developed the guidelines in consultation with key stakeholders, including the Center for Child Rights and Corporate Social Responsibility in China.

CA Transparency in Supply Chains Act of 2010

HP's response to the California Transparency in Supply Chains Act of 2010 details our work to ensure that there are no instances of slavery and human trafficking in our supply chain.

Industrial relations

HP supports the rights of workers at our supplier facilities to associate freely on a voluntary basis, seek representation, join or be represented by works councils, join or not join labor unions, and bargain collectively as they choose as established by local law. Ongoing research by the Centre for Research on Multinational Corporations has found shortcomings with regard to industrial relations in electronics industry factories. Freedom of association was also one of three priorities in 2011-2012 for makeITfair, an NGO-led campaign to encourage electronics companies to improve labor rights and environmental conditions in their supply chains.

Worker-management communications

To raise awareness around freedom of association, HP introduced our worker-management communications training in 2008 (see Capability building on page 93), which continues to help workers better understand their labor rights and how they can raise grievances about their working environment.

In 2012, we continued our partnership with the Dutch Sustainable Trade Initiative, along with other electronics manufacturers. The program focuses on building management systems to encourage better worker-management communications by assessing suppliers' operations and identifying areas for improvement.

HP's EICC Code of Conduct

HP endorses the EICC Code of Conduct in its entirety, but we have supplemented it with additional requirements specific to freedom of association (standard A7). See HP's approach to supply chain responsibility.

Supplier SER management systems (including health and safety)

HP commissioned the labor rights NGO Social Accountability International (SAI) to independently assess the social management systems of three key production suppliers from China, Europe, and Latin America. SAI uses its Social Fingerprint tool, which rates companies on a scale of 1 to 5, with "1" indicating that the company has little or no awareness of systems or repeatable processes, and "5" indicating the company has mature systems that are implemented inside and outside the company with continual improvement. The average SAI independent evaluation score across all three suppliers was 3.0, indicating that these suppliers have adopted a systems approach, but with mixed levels of development and/or implementation.

The findings included:

- Supplier worker involvement and communication programs scored among the top categories for all three suppliers. Although suppliers showed that they had worker-management communication channels and procedures in place, increasing workers' utilization of these channels is important to take these programs to the next level.
- Suppliers demonstrated varying levels of employee labor rights training, and SAI recommended increasing the frequency at which suppliers refresh content and the level of training provided to ensure greater awareness among all levels in the workplace.
- Suppliers demonstrated that they had the appropriate teams in place to improve SER performance, but SAI recommended enhancing training for these teams.
- Suppliers' management of contractors and their own suppliers scored below average, and SAI recommended enhancing SER communications and risk assessment processes with this group.

HP and SAI continue to work with these suppliers to improve their social management systems and to track the impact on their audit results. These pilot results will also help us define our broader independent assessment plan, which includes adding management system evaluations at new supplier locations in Chongqing, China, in 2013.

Health and safety

Through our auditing results and dialogue with peer companies in the Electronic Industry Citizenship Coalition (EICC), HP recognizes that health and safety, such as emergency preparedness, continues to be an area of widespread concern in the IT supply chain. During our annual supplier summit in 2012, HP executives requested suppliers to renew their focus on safe work environments. In 2013, we will focus on providing assistance for health and

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safety management system development, and increase the frequency of our surveillance events for this specific EICC Code of Conduct provision. See Detailed audit findings on page 88 for region-specific details.

Environmental impacts

Reducing the environmental impact of our product manufacturing and supply chain operations is a key objective of our supply chain social and environmental responsibility (SER) program and HP's efforts to reduce our overall environmental footprint (see Our carbon footprint* on page 29). We work closely with our manufacturing partners and component suppliers, providing support and training to improve environmental performance and transparency.

Our work to date has focused on reducing greenhouse gas (GHG) emissions, which continues to be a priority. In 2012, we have begun to see the benefits of this work, with a clear reduction in the GHG intensity of our first-tier emissions. As part of our new vision for a sustainable supply chain, we are extending our focus to also include a broader range of suppliers' environmental aspects, starting with water. Below, we report for the first time the progress of our data-collection program for water use.

Collaboration

HP engages in industry-wide initiatives to decrease the environmental footprint of the information technology (IT) industry's global supply base.

Global Social Compliance Programme (GSCP) Environmental Reference Tools

As a long-standing member of the GSCP, we supported the development of reference tools and implementation guidelines based on current best environmental practices to help suppliers improve their performance (see HP's approach to supply chain responsibility). The GSCP Reference Tools aim to encourage convergence of environmental and social systems across industries. They provide a common interpretation of fair labor and environmental requirements and explain how these requirements should be implemented. They also reduce potential duplication in auditing and encourage members to collaborate on capability-building programs in the future.

HP has adopted the GSCP Environmental Reference Tools for use with our suppliers. The tools provide guidance to organizations for achieving specific performance levels across multiple environmental impact categories, including but not limited to:

- Emissions to air
- Energy use, transport, and greenhouse gas emissions
- Environmental management systems
- Major incident prevention and management
- Pollution prevention, hazardous and potentially hazardous substances

Sofia Kelly
HP employee since 2010

As an HP Supply Chain Social and Environmental Responsibility (SER) Program Manager, Sofia Kelly has a unique perspective on the evolving supply chain landscape, one in which environmental factors such as energy and water use are increasingly important alongside traditional labor and ethics issues.

Sofia relishes having an impact on these issues. "I've always had a passion for environmental conservation," says Sofia, based in Palo Alto, California. "It's just one of those things I was born with. I know that the idea of sustainability and creating a world that we can pass on is a necessity."

Sofia began her career working at the factory level implementing environmental management systems (ISO14001) in the telecommunications industry, before moving on to a field that was rapidly growing in importance: supplier ethics and environmental requirements. HP is helping pioneer this field, which is why the past three years have been a great fit for Sofia.

HP is one of few IT companies reaching out to first- and second-tier suppliers to build capabilities that drive substantial environmental improvements. Through the Electronic Industry Citizenship Coalition (EICC), Sofia looks for new and better ways to help suppliers report and reduce greenhouse gas emissions. And through the Energy Efficiency Program and the Global Social Compliance Programme (GSCP), she and her team encourage suppliers to improve their environmental practices.

Motivating suppliers to participate in new efforts can be challenging. HP addresses this through close relationships with suppliers as well as by partnering with industry organizations such as the EICC. This helps the company align its message, reduce redundancy, and synchronize expectations. "Year-over-year, suppliers have been getting better at sharing metrics," she says, "and we are now seeing high interest as well in our new GSCP initiative."

Water is next on her list of focus areas. "We've been talking a lot about energy, but water is the next frontier and something that all companies need to quickly understand and manage," says Sofia. This year, HP published water consumption data from its first-tier suppliers for the first time.

Sofia is proud of her contribution to these many efforts: "It's great to see that in a relatively short period of time global companies such as HP have done so much to benefit the environment. It's about conserving our resources, which ultimately benefits not only our industry, but the global economy as a whole. So, it's incredibly rewarding for me."

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- Waste management
- Wastewater/effluent
- Water use

Beginning in 2013, HP is asking first-tier assembly suppliers to use these tools to assess the overall health of their environmental management practices and to target specific performance levels based on environmental impact category. Our goal is also to encourage management at our suppliers to be more proactive in improving environmental performance.

Energy efficiency initiatives

We were the only IT company to become a charter member of the BSR Energy Efficiency Partnership Program in China in 2010. The program helps major suppliers conduct energy audits, develop energy improvement action plans, and share best practices that enable companies to reduce energy use, cut greenhouse gas emissions, and lower costs.

In 2012, HP expanded our participation in the Energy Efficiency Program in China through a low-carbon manufacturing capability building workshop co-organized with WWF-Hong Kong. We now have 47 suppliers and 50 sites across China taking part in the program, up from eight suppliers and 12 sites in 2011. To date, participating HP suppliers reported energy savings totaling 26.7 million kilowatt hours and avoided CO_2-equivalent emissions equal to the emissions from electricity used in 2,820 average U.S. homes for a year, according to the U.S. Environmental Protection Agency's Greenhouse Gas Emissions equivalency calculator. We are extending the program's reach throughout 2013 to our second-tier suppliers, and to suppliers in Southeast Asia.

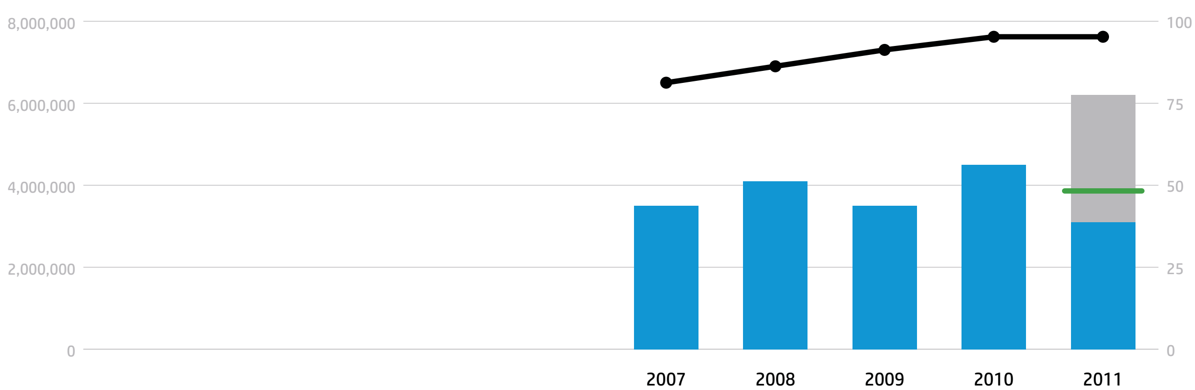
Greenhouse gas emissions

In 2008, HP became the first major IT company to measure and publish aggregated supply chain GHG emissions. Doing so has helped us understand our suppliers' GHG impacts.

We now report emissions data for 95% (by spend) of production suppliers (see below). This percentage increased from 81% in 2008 and makes up a significant part of HP's Scope 3 GHG emissions footprint (see Energy and climate on page 29). This year, for the first time, we also surveyed select nonproduction suppliers, and we share our preliminary findings below.

While measurement is the first step, we aim to encourage greater energy efficiency and reduced carbon emissions in our supply chain by helping suppliers establish carbon-reduction programs. Production suppliers representing 89% of our supplier spend now have GHG emissions–reduction targets. This figure has increased steadily every year from 67% in 2008.

Production supplier GHG emissions performance* [tonnes CO_2e]



	2007	2008	2009	2010	2011
Aggregated first-tier production suppliers' Scope 1 direct and Scope 2 indirect emissions**	3,500,000	4,100,000	3,500,000	4,500,000	3,500,000
Coverage [first-tier production supplier spend captured]	81%	86%	91%	95%	95%
Aggregated production supplier Scope 3 indirect emissions [tonnes CO_2e]***					3,100,000
Coverage [first-tier production supplier spend reporting Scope 3 emissions]					48%

* The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see www.ghgprotocol.org/calculation-tools/faq.

** Refers to first-tier suppliers for manufacturing, materials, and components. Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

*** Numbers only take into account Scope 3 categories that suppliers report on.

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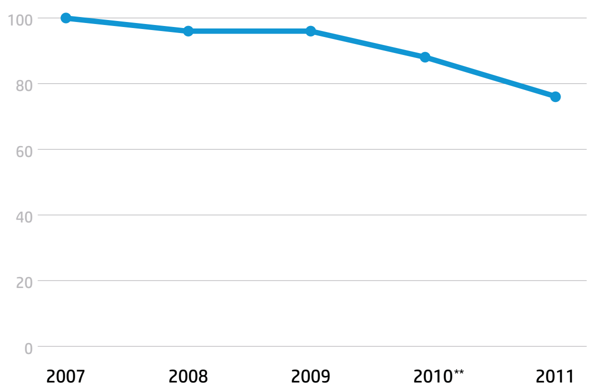
Production supplier GHG emissions intensity* [tonnes CO_2e/first-tier production supplier spend, 2007 = 100%]



*Refers to first-tier suppliers for manufacturing, materials, and components. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

**2010 figure has been updated to reflect revised supplier revenue data. We continue to report the original number for the purposes of the Carbon Disclosure Project. Previous 2010 figure: 94%.

We attribute the decline in first-tier emissions intensity in 2011 to several factors, such as:

- Efforts by suppliers to improve their environmental performance, including setting energy and GHG emissions reductions
- Regulations by the Chinese government requiring large manufacturers in China to reduce energy consumption as part of the country's 12th Five-Year Plan
- Programs such as the Energy Efficiency Program, the Carbon Disclosure Project, and the Electronic Industry Citizenship Coalition Carbon Reporting System, which have created awareness among suppliers about GHG emissions reporting and the importance of reducing energy consumption

Two additional factors also contributed to a drop in aggregated first-tier emissions in 2011:

- The continuing economic recession that has led to reduced production output
- Natural disasters in Japan and Thailand, in particular, which caused some operations to shut down for certain time periods

This year, for the first time, we are also presenting GHG emissions from our nonproduction suppliers. We have collected these data from nonproduction suppliers' Carbon Disclosure Project submissions, and for many this is the first time that they have collected and reported these data. Nonetheless, it represents a first step to reporting more mature data in the future. Nonproduction suppliers providing HP with business and technology services provided the highest level of reporting.

We will continue to work with suppliers to help them develop the tools needed to report more robust numbers. This will help HP report data covering a larger proportion of our nonproduction supply chain in 2013 and beyond.

Nonproduction supplier GHG emissions performance, 2011	
Aggregated first-tier nonproduction suppliers' Scope 1 direct and Scope 2 indirect emissions [tonnes CO_2]*	480,000
Coverage [first-tier supplier spend captured]	51%

*Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

Suppliers' Scope 3 emissions

To reduce GHG emissions throughout our entire supply chain, we also encourage our first-tier suppliers to understand their own suppliers' emissions.

Nearly half (48%) of our production suppliers (by spend) already estimate some of their own Scope 3 emissions. The total estimated Scope 3 GHG emissions from these suppliers that are attributable to HP's share of their production is significant, emphasizing the impact we can have in reducing total emissions from our supply chain by reaching out to sub-tier suppliers. Reporting second-tier emissions for the first time this year is an initial step in that direction. Based on the data we have received, we believe that suppliers have a stronger understanding of emissions associated with business travel, product distribution, transportation, and logistics than any other Scope 3 category.

Improving data accuracy

We help suppliers new to GHG reporting to calculate their emissions by encouraging them to use the EICC Carbon Reporting System questionnaire. In 2012, we invited 22 new suppliers to submit emissions data. As we expand the program, we will continue to work with suppliers to collect and report their footprints. In 2013, we will introduce a new platform supporting the industry-wide EICC tool to further simplify the reporting process. As more companies disclose metrics and require their suppliers to do the same, our data will continue to improve.

Water protection

The two main issues related to water management among our suppliers are consumption and discharge.

Water consumption

Similar to our work on Scope 3 GHG emissions, our aim is to reduce the water footprint of our supply chain. We follow a similar process of measurement and reporting as we do for our suppliers' GHG emissions.

This is the first year that we are reporting water consumption from our first-tier suppliers. To our knowledge, we are the first IT company to collect and report these numbers. We collected the data primarily from component manufacturing and final assembly suppliers, representing 38% of our total production supplier spend. Separately, 38% of our suppliers have company-wide strategies, plans, or policies to reduce water use (some of these suppliers also provide water consumption data).

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Supplier water consumption, 2011	
Aggregated water withdrawn for use [cubic meters]*	28,000,000
Coverage [% of first-tier supplier spend captured]	38%
Companies with company-wide water strategies, plans, or policies [% of first-tier supplier spend captured]	38%

* Consumption is estimated based on suppliers' consumption and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

In 2011, HP conducted a "hot spot" analysis to complement environmental data received by suppliers. The analysis identified paperboard manufacturing for packaging as the most water-intensive activity among our first-tier suppliers, accounting for 38% of our supply chain water footprint. All other basic inorganic chemical manufacturing as well as paint and coating manufacturing together account for 28% of our footprint. The other categories are listed in the table below.

HP's supply chain water footprint	
Paperboard manufacturing for packaging	38%
All other basic inorganic chemical manufacturing	18%
Material processing and manufacturing	14%
Paint and coating manufacturing	10%
Component manufacturing and finished goods	12%
Other (includes facilities)	8%

Across each of these areas, we aim to reduce water consumption. For example:

- We work to use paperboard as efficiently as possible following our our paper policy and by designing more efficient packaging (see Packaging on page 44 for more information).
- We work to reduce chemical use in our products and processes through HP's Design for Environment program (see Design on page 39).
- We have begun using the World Business Council for Sustainable Development Global Water Tool to plot our high-risk top-tier component supplier sites of material processing, manufacturing, and finished goods. We will ask these suppliers with operations in water-stressed regions to enroll in the Global Social Compliance Programme, with the aim of improving their water-management performance.

Water discharge

The Institute of Public and Environmental Affairs (IPE), an influential Chinese environmental nongovernmental organization, runs a public pollution database to monitor corporate environmental performance and to facilitate public participation in environmental governance in China. In 2012, we began partnering with several of our high-spend first-tier suppliers to help ensure that sub-tier suppliers named on the database comply with local environmental laws regarding water discharge. Our initial efforts identified 18 subtier suppliers in China that had violated environmental laws in the past. We helped these suppliers develop corrective action plans and we increased our monitoring of their facilities, encouraging them to enhance transparency by updating their corrective action plans and providing monitoring reports to stakeholders. We continue to work with our first-tier suppliers to help noncompliant sub-tier suppliers move toward compliance with local laws, asking them to check their suppliers' facilities twice a year and follow up with audits.

Summary audit results

Since we performed our first supplier audit in 2004, we have conducted 893 audits in total. We expect this number to grow at an increasing rate as we deepen supplier engagement.

The graph on page 85 shows how the number of audits at our production suppliers has grown. It illustrates steeper growth in the number of full re-audits than in the number of initial or follow-up audits, due to the fact that there are fewer new suppliers to audit in our program.

HP uses follow-up audits to confirm full closure of non-conformances discovered during initial and full re-audits. Full re-audits cover all of HP's EICC Code of Conduct categories. We compare full re-audits with initial audits to see how the supplier has improved management systems and programs over time.

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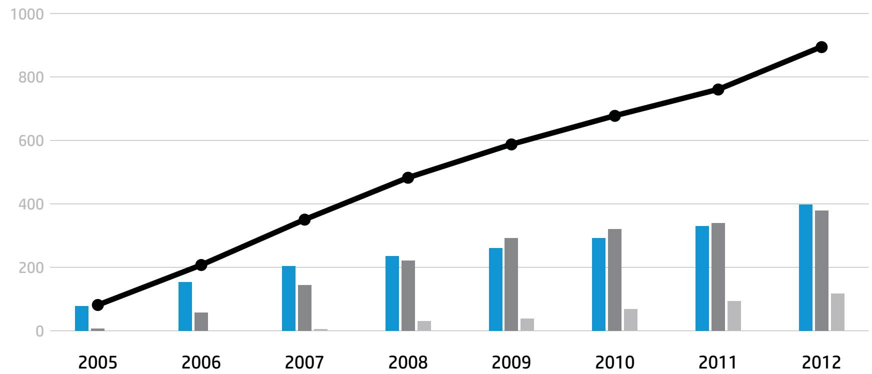
SER audits conducted, 2005–2012*,** [total, cumulative]



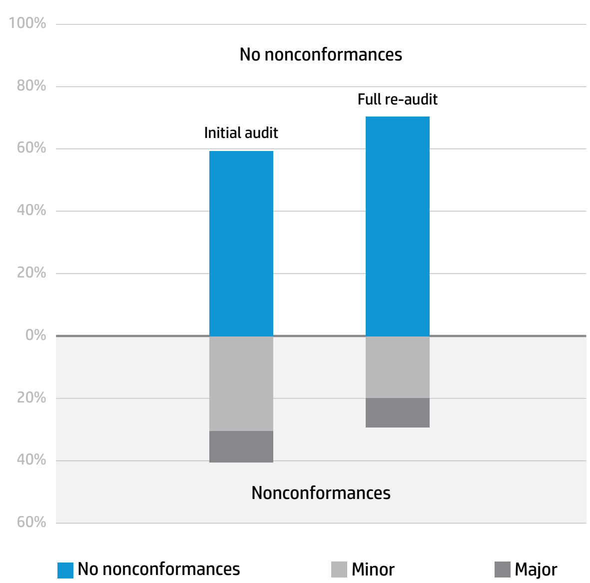
	2005	2006	2007	2008	2009	2010	2011	2012
Total initial audits	78	154	204	235	260	293	330	398
Total follow-up audits	7	57	144	221	292	320	340	379
Total full re-audits	0	0	6	30	39	68	94	116
Total audits	**85**	**211**	**354**	**486**	**591**	**681**	**764**	**893**

* Data for past years may differ from previous reports because HP receives the details of some audits after the Global Citizenship Report publication deadline. Includes production suppliers only.

** Ernst & Young has provided assurance over 2012 reported data only. The graph above shows the cumulative total audits per audit type for 2005–2012. Please see Ernst & Young's Report of Independent Accountant on page 137 for the number of audits by type completed in 2012.

The graph below shows a decrease in the number of minor and major nonconformances against HP's EICC Code of Conduct from initial audits to full re-audits that were conducted in the years between 2005 and 2012, and an increase in the number of provisions that had no findings. We attribute this improvement to our validation system, which focuses on collaborative audits and corrective actions, and our efforts to build our suppliers' capabilities.

Distribution of audit findings, 2005–2012*
[percentage of findings]



* Production suppliers only.

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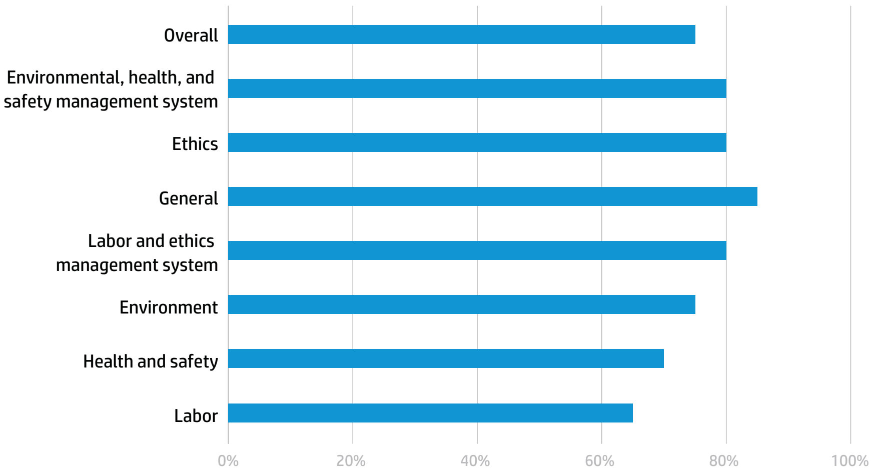
The chart below shows the percentage reduction in nonconformances found during production supplier audits between 2005 and 2012. It illustrates the effectiveness of our validation and improvement process, which involves auditing supplier sites and requiring corrective actions to address nonconformances. Across all provisions of HP's EICC Code of Conduct, 75% of all major and minor nonconformances found during initial audits were either reduced in severity or confirmed to be closed in subsequent full re-audits. The chart also demonstrates that nonconformances have been easier to address for some sections of the code, such as General and Environmental, health, and safety management system, than for others.

Nonconformances reduced by section of HP's EICC Code of Conduct, 2005–2012* [percentage]



* Graph includes only results from initial audits and full re-audits, for comparability.

The chart below shows the distribution of major nonconformances across the provisions of HP's EICC Code of Conduct found during initial and full re-audits in 2011-2012. Health and safety and Labor continue to account for the majority of major nonconformances, similar to 2010-2011.

Distribution of major nonconformances by section of HP's EICC Code of Conduct, 2011 - 2012*, ** [percentage]

Health and safety	30%
Labor	24%
Labor and ethics management system	13%
Environment	10%
Environmental, health, and safety management system	8%
Ethics	8%
General	7%

* Graph includes only results from initial audits and full re-audits—not closure audits—for comparability. Refers only to production suppliers.

** Ernst & Young (E&Y) has provided assurance over 2012 reported data only. The graph above shows 2011-2012 data. Please see E&Y's Report of Independent Accountant on page 137 for the 2012 distribution of major nonconformances.

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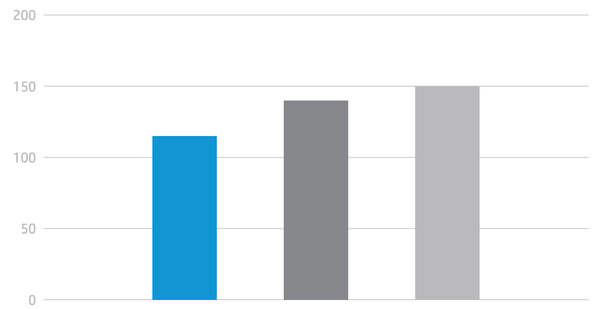
The graph at right illustrates the correlation between levels of supplier involvement in HP's supply chain SER program and audit performance. Suppliers with a low level of involvement, which have not participated in HP capability-building programs, achieved the lowest average score in audits (higher is better). Suppliers that completed at least one HP capability-building program achieved noticeably higher scores. Though our capability-building programs are not all directly related to audit items, the proactive attitude among companies investing time and resources to engage in SER programs often results in enhanced audit performance. The highest scores of all were achieved by suppliers that participate in HP capability-building programs and also initiate quality controlled EICC third-party audits. These suppliers pay for the audit and therefore take more ownership of the results, and the level of investment and improvements made to prepare are visible. These results inform and support our shift toward more of these types of audits in the coming years.

For details about other issues identified in audits and HP's response by region, see Detailed audit findings on page 88.

Impact of supplier engagement on audit results* [average scores for full audits, 200 is the strongest possible score]



Suppliers not involved in HP capability-building programs	115
Suppliers that have completed at least one HP capability-building program	140
Suppliers that have completed at least one HP capability-building program and initiated a third-party audit	150

* Data covers full audits (initial and full re-audits) of production suppliers, 2010-2012. Some suppliers are included in multiple categories. EICC-based audits are scored on a 0-200 point scale (200 is the strongest possible score). Scores are based on priority findings, the quantity of major nonconformances identified, and the number of questions reviewed.

Case study

HP expands nonproduction supplier audit program

HP introduced nonproduction suppliers, such as call centers or labor agencies, to our supply chain SER program in 2009. In 2011, we performed the first three independent SER audits of these suppliers in China and Mexico. We increased that number to 13 audits performed in 2012, expanding our geographic scope to Brazil, the Philippines, Poland, and Turkey.

Our findings show that nonproduction suppliers are approximately five to seven years behind production suppliers when it comes to measuring and reporting SER practices and performance. We believe the need for supplier education on SER standards at the engagement stage of our program is critical for successful supplier development and compliance.

In 2012, our nonproduction supplier self-assessments identified a general lack of SER policies and management systems, so we have focused on those two areas in our capability-building initiatives for nonproduction suppliers.

Our audits of nonproduction supplier facilities have identified nonconformance in:

- **Ethics and labor management** In 2012, we found instances of suppliers using unacceptable disciplinary procedures. These usually related to suppliers deducting wages from workers. HP helped these suppliers implement corrective action plans that removed wage deductions from disciplinary procedures.
- **Environmental protection** We have found this area to not be understood well and subsequently poorly managed. Nonproduction suppliers frequently do not perform an environmental impact analysis of their operations and do not conduct programs to reduce their impact. This is particularly the case for waste management, as nonproduction suppliers usually defer responsibility to contractors, despite evidence of little knowledge about these contractors' certifications for correct disposal.
- **Health and safety** The working environment for nonproduction suppliers is not classified as hazardous. However, our audit findings show that health and safety is an area of insufficient focus. Often, a nonproduction supplier rents space from a building management company and shares that space with other firms. As a result, suppliers sometimes defer responsibility for these issues to the building management company.
- **Management systems** This area is an opportunity for improvement and is the most significant area of nonconformance. Suppliers often do not conduct risk assessments or put mitigation plans in place, and social and environmental objectives, goals, measures, and reporting regularly do not exist. Internal auditing of SER business practices is also a common area of weakness.

We continue to support nonproduction suppliers to help them improve SER performance. We have found that some suppliers are increasingly recognizing the importance of this, and are willing to work with HP to improve standards.

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Detailed audit findings

Global findings

In 2012, HP conducted 116 audits of our production suppliers (including initial audits, follow-up audits, and full re-audits). This total number includes one recycling audit covering SER management systems. The results of this recycling audit are not included in the charts below because the operations of this supplier are different from those of our production suppliers and cannot be compared.

Significant findings

Globally, we continue to find the most major nonconformances related to working hours and emergency preparedness. HP found working-hours nonconformances in 63% of audits in 2012, compared with 66% in 2011. The majority of these nonconformances were in China, where we are working with the Electronic Industry Citizenship Coalition (EICC) to address this issue. Emergency preparedness major nonconformances increased to 59% in 2012 from 48% in 2011. We are introducing new programs to address these issues in countries such as China and Brazil, where the 2011 major nonconformance rate was 57%. (Although audits in Latin America found a 14% rate of major nonconformance to this provision, the rate has been significantly higher in previous years, so we still believe that we need to introduce programs to resolve this issue.)

Zero-tolerance items

In 2012, HP found one zero-tolerance item during a third-party audit against HP's EICC Code of Conduct in China. The item related to working hours and was considered a zero-tolerance item based on the updated EICC system for categorizing working-hours nonconformances (see HP's approach to supply chain responsibility). The supplier subsequently established a corrective action plan to deal with the issue. HP confirmed through a third-party closure audit that this item has been resolved.

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	5%	16%
Compliance with laws	0%	0%
Supplier management program	34%	16%
Labor		
Freely chosen employment	7%	26%
Child labor avoidance**	0%	62%
Working hours***	63%	13%
Wages and benefits	32%	29%
Humane treatment	3%	28%
Nondiscrimination	8%	9%
Freedom of association	1%	14%
Labor management system		
Overall	29%	0%
Health and safety		
Occupational safety	14%	42%
Emergency preparedness	59%	29%
Occupational injury and illness	11%	30%
Industrial hygiene	28%	29%
Physically demanding work	9%	36%
Machine safeguarding	7%	29%
Dormitory and canteen	29%	17%
Environmental, health, and safety management		
Overall	8%	0%
Environmental		
Environmental permits and reporting	4%	11%
Pollution prevention and resource reduction	3%	8%
Hazardous substances	12%	58%
Wastewater and solid waste	3%	12%
Air emissions	4%	9%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	11%	9%
No improper advantage	5%	9%
Disclosure of information	0%	1%
Intellectual property	1%	1%
Fair business, advertising, and competition	11%	5%
Protection of identity	24%	8%
Community engagement	0%	0%

* These data reflect the results of HP's initial audits and full re-audits conducted in 2012. They do not necessarily represent results from the same supplier sites reported on in previous years.

** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

*** A major nonconformance in the working-hours provision of HP's EICC Code indicates that at least one of the following requirements was not met:

- The average hours worked in a workweek over the last 12 months at the facility did not exceed 60 hours or the legal limit (whichever is stricter).
- Workers are allowed mandated breaks, holidays, and vacation days to which they are entitled.
- Workers are provided with at least one day off per seven workdays on average.

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Greater China

The main findings in our China audits are consistent with our global findings, with working hours and emergency preparedness being the main sources of nonconformance. These issues are a key focus of our refreshed programs that will help HP move toward a sustainable supply chain (see Program direction on page 76). Although working-hours nonconformances decreased globally, the majority of the nonconformances occur in China, which is where our excessive working hours key performance indicators (KPI) program continues to focus. We are asking suppliers to participate in management system assessments and training that will help identify shortcomings in health and safety areas such as emergency preparedness, and to facilitate mitigation/improvement actions. In addition, we will increase surveillance events for health and safety in Greater China.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
China	29	11	13	309,200
Total	**29**	**11**	**13**	**309,200**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	3%	20%
Compliance with laws	0%	0%
Supplier management program	30%	20%
Labor		
Freely chosen employment	8%	25%
Child labor avoidance**	0%	78%
Working hours***	85%	10%
Wages and benefits	43%	38%
Humane treatment	3%	30%
Nondiscrimination	10%	5%
Freedom of association	0%	0%
Labor management system		
Overall	33%	0%

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
Health and safety		
Occupational safety	18%	43%
Emergency preparedness	78%	20%
Occupational injury and illness	15%	38%
Industrial hygiene	45%	35%
Physically demanding work	10%	58%
Machine safeguarding	0%	40%
Dormitory and canteen	45%	20%
Environmental, health, and safety management		
Overall	3%	0%
Environmental		
Environmental permits and reporting	8%	5%
Pollution prevention and resource reduction	5%	8%
Hazardous substances	15%	60%
Wastewater and solid waste	3%	13%
Air emissions	3%	13%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	8%	8%
No improper advantage	5%	10%
Disclosure of information	0%	0%
Intellectual property	0%	0%
Fair business, advertising, and competition	3%	5%
Protection of identity	28%	3%
Community engagement	0%	0%

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** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

*** A major nonconformance in the working-hours provision of HP's EICC Code indicates that at least one of the following requirements was not met:

- The average hours worked in a workweek over the last 12 months at the facility did not exceed 60 hours or the legal limit (whichever is stricter).
- Workers are allowed mandated breaks, holidays, and vacation days to which they are entitled.
- Workers are provided with at least one day off per seven workdays on average.

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Asia Pacific

In Asia Pacific, the most significant audit findings relate to excessive working hours and emergency preparedness, similar to our China and global findings. These issues are a key focus of our refreshed programs that will help HP move toward a sustainable supply chain (see Program direction on page 76). We aim to take the lessons from our excessive working hours KPI program in China and implement them in Asia Pacific to address this issue. We are asking suppliers to participate in management system assessments and training that will help identify shortcomings in health and safety areas such as emergency preparedness, and to facilitate mitigation/improvement actions.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
Australia	0	1	0	200
Japan	1	0	0	1500
Malaysia	8	7	1	15,600
Philippines	2	2	0	8,300
Korea	0	1	0	7,200
Singapore	3	2	0	4,200
Thailand	2	1	2	22,500
Total	**16**	**14**	**3**	**59,500**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	11%	11%
Compliance with laws	0%	0%
Supplier management program	37%	5%
Labor		
Freely chosen employment	11%	32%
Child labor avoidance**	0%	47%
Working hours***	63%	26%
Wages and benefits	32%	26%
Humane treatment	5%	21%
Nondiscrimination	11%	11%
Freedom of association	5%	32%
Labor management system		
Overall	37%	0%

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
Health and safety		
Occupational safety	16%	37%
Emergency preparedness	53%	21%
Occupational injury and illness	11%	32%
Industrial hygiene	16%	16%
Physically demanding work	0%	5%
Machine safeguarding	21%	21%
Dormitory and canteen	16%	26%
Environmental, health, and safety management		
Overall	21%	0%
Environmental		
Environmental permits and reporting	0%	5%
Pollution prevention and resource reduction	0%	11%
Hazardous substances	11%	58%
Wastewater and solid waste	5%	11%
Air emissions	5%	5%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	16%	21%
No improper advantage	0%	5%
Disclosure of information	0%	5%
Intellectual property	0%	0%
Fair business, advertising, and competition	32%	5%
Protection of identity	26%	16%
Community engagement	0%	0%

* These data reflect the results of HP's initial audits and full re-audits conducted in 2012. They do not necessarily represent results from the same supplier sites reported on in previous years.

** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

*** A major nonconformance in the working-hours provision of HP's EICC Code indicates that at least one of the following requirements was not met:

- The average hours worked in a workweek over the last 12 months at the facility did not exceed 60 hours or the legal limit (whichever is stricter).
- Workers are allowed mandated breaks, holidays, and vacation days to which they are entitled.
- Workers are provided with at least one day off per seven workdays on average.

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Europe

In Europe, audit results show considerably better performance than the global average. Our main findings relate to supplier management programs. We are asking suppliers to participate in management system assessments and training that will help identify shortcomings in this area, and to facilitate mitigation/improvement actions.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
Czech Republic	0	3	0	3,700
Hungary	1	0	1	1,100
Israel	2	0	0	2,100
Netherlands	1	1	0	800
Poland	1	0	1	1,300
Russia	0	0	1	200
Slovak Republic	1	0	0	900
Turkey	1	1	0	400
Total	**7**	**5**	**3**	**10,500**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	10%	10%
Compliance with laws	0%	0%
Supplier management program	50%	30%
Labor		
Freely chosen employment	0%	0%
Child labor avoidance**	0%	40%
Working hours	0%	0%
Wages and benefits	0%	10%
Humane treatment	0%	10%
Nondiscrimination	0%	30%
Freedom of association	0%	30%
Labor management system		
Overall	10%	0%

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
Health and safety		
Occupational safety	10%	40%
Emergency preparedness	30%	60%
Occupational injury and illness	0%	0%
Industrial hygiene	0%	30%
Physically demanding work	10%	10%
Machine safeguarding	10%	0%
Dormitory and canteen	0%	0%
Environmental, health, and safety management		
Overall	10%	0%
Environmental		
Environmental permits and reporting	0%	20%
Pollution prevention and resource reduction	0%	10%
Hazardous substances	0%	70%
Wastewater and solid waste	0%	10%
Air emissions	0%	10%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	20%	0%
No improper advantage	20%	20%
Disclosure of information	0%	0%
Intellectual property	10%	10%
Fair business, advertising, and competition	10%	10%
Protection of identity	10%	10%
Community engagement	0%	0%

* These data reflect the results of HP's initial audits and full re-audits conducted in 2012. They do not necessarily represent results from the same supplier sites reported on in previous years.

** A major nonconformance in the underage worker provision of HP's EICC Code does not necessarily indicate the presence of child labor. For example, an auditor may uncover insufficient management systems and age checks to prevent child workers from being employed. These would be considered a major nonconformance but do not necessarily signify the presence of workers under the legal minimum, or the minimum age specified by HP's EICC Code. While there were nonconformances uncovered in 2012, no child labor was uncovered.

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Latin America

In Latin America, audit results show considerably better performance than the global average. Our main findings related to supplier management programs, excessive working hours, and physically demanding work. We aim to take the lessons from our excessive working hours KPI program in China and implement them in Latin America to address this issue. In collaboration with Social Accountability International and the Rapid Results Institute, we are asking suppliers in Brazil to participate in the Brazil Worker Engagement program, which is designed to help Brazilian factories improve health and safety in the workplace.

Audits conducted in 2012

Location	Initial audits	Follow-up audits	Full re-audits	Number of workers at sites audited
Brazil	2	6	2	7,600
Mexico	3	1	1	3,800
Total	**5**	**7**	**3**	**11,400**

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
General		
EICC Code awareness	0%	14%
Compliance with laws	0%	0%
Supplier management program	29%	0%
Labor		
Freely chosen employment	0%	57%
Child labor avoidance**	0%	43%
Working hours***	29%	14%
Wages and benefits	14%	14%
Humane treatment	0%	57%
Nondiscrimination	0%	0%
Freedom of association	0%	29%
Labor management system		
Overall	14%	0%

EICC Code provisions	Rate of nonconformance in sites audited*	
	Major	Minor
Health and safety		
Occupational safety	0%	43%
Emergency preparedness	14%	57%
Occupational injury and illness	0%	29%
Industrial hygiene	0%	29%
Physically demanding work	29%	29%
Machine safeguarding	0%	29%
Dormitory and canteen	14%	0%
Environmental, health, and safety management		
Overall	0%	0%
Environmental		
Environmental permits and reporting	0%	43%
Pollution prevention and resource reduction	0%	0%
Hazardous substances	14%	29%
Wastewater and solid waste	0%	14%
Air emissions	14%	0%
Product content restrictions (See Materials on page 41.)		
Ethics		
Business integrity	0%	0%
No improper advantage	0%	0%
Disclosure of information	0%	0%
Intellectual property	0%	0%
Fair business, advertising, and competition	0%	0%
Protection of identity	14%	14%
Community engagement	0%	0%

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Capability building

We work with suppliers on programs that improve their ability to deliver substantial and lasting SER performance improvements on a broad range of issues. Our work builds knowledge and strengthens processes, educating employees throughout supplier organizations and instilling behavioral changes.

HP works with local NGOs and training groups to deliver our capability-building programs, which are directed toward supplier management and workers. As we transition audit activities to third parties, we will increasingly focus more of our resources on programs that target the most critical supply chain SER issues (see Program direction on page 76).

Demonstrating results

Since HP started our capability-building programs in 2006, we have:

- Carried out 22 programs in 12 countries on topics such as antidiscrimination, energy efficiency, labor rights, and women's health
- Directly trained approximately 2,850 managers and nearly 300,000 workers
- Reached 85,000 students through our predeparture training
- Trained 155 second-tier suppliers
- Verified that suppliers engaging in capability-building programs have improved performance by comparing before and after audit results (see Impact of supplier engagement on audit results* [average scores for full audits, 200 is the strongest possible score] on page 87)

In addition, these programs have established supplier- and peer educator-run programs that have provided training to a much larger number of workers.

See Impact of supplier engagement on audit results* [average scores for full audits, 200 is the strongest possible score] on page 87 for a graph illustrating performance improvements made by suppliers that have participated in HP capability-building programs compared to suppliers that have not.

Introducing new suppliers

We introduce new suppliers to our supply chain SER program each year and hold supplier education forums to communicate our SER expectations. Since 2010, we have educated more than 220 managers in Brazil, China, Israel, and Mexico. In 2012, HP held three supplier forums, one each in Brazil, Israel, and Mexico. Combined, these forums reached 103 managers from 71 suppliers. The Brazil and Mexico forums included nonproduction suppliers as well as production suppliers. All three forums helped communicate expectations and requirements regarding HP's EICC Code of Conduct to new suppliers.

Rev. David M. Schilling
Senior Program Director, Interfaith Center on Corporate Responsibility

During the last decade, HP has been a leader in the IT industry in several areas related to supply chain responsibility. Highlights of this leadership include:

- Cofounding the Electronic Industry Citizenship Coalition
- Publishing a list of suppliers representing more than 95% of HP's production supplier spend
- Working with stakeholders and nongovernmental organizations to educate workers on their rights
- Joining multi-stakeholder initiatives related to implementation of the Dodd-Frank Act addressing "conflict minerals" in the Democratic Republic of Congo
- Focusing on capability building among suppliers and workers to address systemic issues
- Imposing new limits on the employment of students and temporary agency workers at supplier factories in China

In the next decade, however, HP will need to build on this leadership and improve performance in the face of major global supply chain challenges. These challenges relate to collaboration, expanding influence to subtier suppliers, and improving transparency. For example, HP will need to join other companies, NGOs, and governments to end the human rights abuses of marginalized workers, particularly migrant and temporary workers, who are most vulnerable to exploitation by unscrupulous labor recruiters. The company will also have to move deeper into the supply chain globally, in the same way it has done through industry and multi-stakeholder initiatives related to "conflict minerals." Finally, HP will need to embrace a level of transparency in which stakeholders—workers, communities, suppliers, and investors—understand clearly that HP "knows" its human rights impacts and "shows" what it is doing to address them. I believe HP has the values, experience, commitment, and ability to collaborate with multiple stakeholders, which is essential to effective leadership.

As our relationships with suppliers develop, we work to instill good practices among lower-tier suppliers as well. HP has trained 155 second-tier suppliers through programs conducted jointly with our first-tier suppliers.

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HP's 2012 capability-building initiatives

Student, dispatch, and foreign migrant labor rights protection

- **Migrant labor training**

  Audience: Management (85 managers from 37 suppliers)

  Location: Malaysia and Singapore

  Year program began: 2011

  Partner: Goodwill Network

  Program overview: HP's migrant labor training program delivers best-practice training to suppliers' senior managers. It addresses topics such as migrant labor management and the responsibilities of the labor agent and the hiring company throughout a migrant worker's employment. It also gives suppliers practical steps to incorporate HP EICC Code of Conduct requirements and human rights principles into the company's management system. HP developed the program in response to rising issues regarding the use and treatment of migrant workers in Southeast Asia.

  2012 update: In 2012, 52 managers from 37 first- and second-tier suppliers from Malaysia and Singapore participated.

- **Predeparture training**

  Audience: Facility and school trainers (180 trainers, reaching nearly 85,000 students)

  Location: China

  Year program began: 2011

  Partner: Labour Education and Service Network (LESN)

  Program overview: HP's predeparture training teaches facility and school trainers how to prepare interns for work life, including knowledge of labor rights and occupational health as well as how to adapt to city life. Each participant received a guide on how to deliver the training. Suppliers involved in the Dutch Sustainable Trade Initiative also attend the predeparture training. We developed the program in response to concerns raised by NGOs about suppliers in China recruiting labor from vocational schools under the pretense of internships to learn technical skills. Reports suggest these young workers are instead used as unskilled labor for manufacturing. In addition to our work to improve suppliers' understanding of HP's EICC Code of Conduct, we have implemented predeparture training for suppliers and schools to address the issue.

  2012 update: In 2012, we held a session in Jiangsu, China. Since 2011, we have reached nearly 85,000 graduates and interns through the program in the Chongqing, Guangzhou, Jiangsu, and Wuhan regions of China. As part of our efforts to support student workers, in 2013 we released supplier guidelines for the employment and treatment of these workers (see HP's student worker guidelines on page 80).

Case study

Chongqing region presents opportunities for supply chain SER in China

The Chongqing region in China is an important center of electronics manufacturing. Factories in the region typically do not use as many migrant workers as their counterparts in eastern China, and the region's growth presents a strong opportunity to build a manufacturing environment that improves conditions for workers.

To reduce SER risk and promote worker well-being and environmental protection, we prioritize four capability-building programs that target the most pressing issues in the region:

- HP health programs, including the Hepatitis B (HBV) antidiscrimination program
- Predeparture training for student workers
- EICC worker rights training
- Energy Efficiency Program (EEP)

We have engaged all our final assembly suppliers operating in the region on our capability-building programs and other educational opportunities and are supporting their efforts. For example, in 2012 HP's senior vice president of operations, Tony Prophet, participated in a supplier-hosted SER summit. Moreover, three suppliers participated in the EEP, EICC worker rights, and HBV antidiscrimination programs, reaching more than 450 managers and over 18,000 workers. We also partnered with LESN to deliver predeparture training to 135 participants. Finally, HP partnered with the Chongqing government to offer management and communications training to 220 supervisors in December 2012.

In 2013, we will organize an HP SER supplier summit in Chongqing and continue to target our capability-building programs toward helping resolve critical issues.

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Industrial relations

- **IDH: The Sustainable Trade Initiative**

  Audience: Workers (nearly 20,000 workers at six supplier sites)

  Location: China

  Year program began: 2011

  Program overview: IDH is a multi-stakeholder initiative that aims to accelerate sustainable trade by building partnerships between leading multinationals, civil society organizations, governments, and other stakeholders. Five HP suppliers participate in the program.

  2012 update: In 2012, HP cofunded a new IDH program along with other electronics manufacturers that aims to improve the working conditions and environmental performance of electronics factories in China. The program identifies areas for improvement by assessing suppliers' operations. IDH then creates facility-specific programs to improve management systems and encourage better worker-management communication to address working conditions. IDH aims to reach 500,000 workers through the initiative.

- **Worker management communications**

  Audience: Management and workers (more than 23,000 management and workers from 17 facilities)

  Location: China

  Year program began: 2008

  Partners: Home for New Citizen (Chinese NGO), LESN

  Program overview: HP's worker management communications program helps workers better understand their labor rights and how they can raise grievances about their working environment. HP also provides training to workers' representative committees.

  2012 update: In 2012, HP expanded the program to Chongqing, China, an important new manufacturing area in the country. We reached four suppliers in the region, and in collaboration with our local NGO partners, we established a hotline that allows workers to raise grievances.

Supplier management systems

- **Health Enables Returns (HERproject)**

  Audience: Workers (443 managers and nearly 32,000 workers)

  Location: China, Malaysia, and Mexico

  Year program began: 2007

  Partners: BSR, FRHAM

  Program overview: HP's HERproject addresses the general and reproductive health needs of women working in manufacturing in a range of industries, including electronics. The HERproject delivers benefits for both workers and suppliers. It raises awareness among workers of AIDS and sexually transmitted disease prevention, birth control, and peer education on health issues. For suppliers, the program demonstrates the business benefits of encouraging worker health and development, including a more healthy and productive workforce.

  2012 update: In 2012, HP expanded the HERproject to Malaysia, working with FRHAM to reach nearly 2,000 female workers, including foreign workers from Indonesia. We also continued to run the program in China, where we worked with five supplier sites and reached more than 30,000 female workers. In 2013, we will continue to run the program in China and Malaysia, as well as expanding it to Thailand.

- **Hepatitis B (HBV) antidiscrimination program**

  Audience: Workers and management (34 supplier sites, 1,400 medical, safety, and managerial personnel, and nearly 160,000 workers)

  Location: China

  Year program began: 2009

  Partner: Inno Community Development Organization

  Program overview: HP's HBV antidiscrimination program raises awareness of HBV and attempts to eliminate discrimination against HBV-positive workers. Through the program, suppliers set up "Health Corners" where workers can learn about HBV and how it is prevented. HP considers HBV testing in the employee-hiring process to be a violation of the nondiscrimination provision of HP's EICC Code of Conduct.

  2012 update: In 2012, we continued to partner with the NGO Inno Community Development Organization to train nearly 1,400 medical staff and health and safety managers at supplier sites in Chongqing and Canton, China. This enabled them to reach nearly 160,000 workers since 2009 with subsequent training. The program also established free worker-health hotlines at supplier sites throughout the Chongqing region.

- **Gender Equity Model (Modelo de Equidad de Genero—MEG) Certification Program**

  Audience: Management (approximately 10 managers at five suppliers trained and certified)

  Location: Mexico

  Year program began: 2011

  Partner: Instituto Nacional de las Mujeres

  Program overview: HP's MEG program aims to encourage companies to adopt nondiscrimination policies and avoid harassment in the workplace by training and certifying suppliers on management systems related to gender equality and harassment . The program is led by the Instituto Nacional de las Mujeres in Mexico, a government institution.

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- **Job-stress prevention**

  Audience: Management (17 managers from 16 facilities)

  Location: China

  Year program began: 2010

  Partner: Hong Kong Workers Health Centre

  Program overview: HP's job-stress prevention program encourages frontline workers to become involved in improving their own working conditions, a preventative measure aimed at reducing stress. Sessions on work-stress management inform workers about the Mental Health Action checklist, which contains guidelines for workers to help them maintain a healthy, reduced-stress working environment. Instructors include a well-known occupational health professional who previously served as the director of Working Conditions and Environment at the International Labour Organization.

  2012 update: In 2012, HP launched a one-year Participatory Occupational Health and Safety Improvement by Local Initiative pilot program with supplier I-Sheng to specifically address mental health and occupational health and safety. The program encouraged I-Sheng to establish its own management system to help workers identify mental health issues and other occupational health hazards. The program also helped I-Sheng to establish an occupational safety committee.

Measuring and mitigating greenhouse gas emission and water use impacts

- **Energy Efficiency Program (EEP)**

  Audience: Management (75 managers from 50 facilities)

  Location: China

  Year program began: 2010

  Partner: BSR

  Program overview: The EEP helps major suppliers conduct energy audits, develop energy improvement action plans, and share best practices that enable companies to reduce energy use, cut greenhouse gas emissions, and lower costs. To date, participating HP suppliers reported energy savings totaling 26.7 million kilowatt hours and avoided CO_2 equivalent emissions equal to the emissions from the electricity used in 2,820 average U.S. homes for a year, according to the U.S. Environmental Protection Agency's Greenhouse Gas Emissions equivalency calculator. See Environmental impacts on page 81 for more information.

  2012 update: In 2012, HP expanded our participation in the EEP in China through a low-carbon manufacturing capability building workshop co-organized with WWF-Hong Kong. We now have 47 suppliers and 50 sites across China taking part in the program, up from eight suppliers and 12 sites in 2011. We are extending the program's reach throughout 2013 to our second-tier suppliers, and to Malaysia and Thailand.

Conflict minerals

For more than a decade, the mining of minerals used to produce tantalum, tin, tungsten, and gold (3TG) in the Democratic Republic of Congo (DRC) has been linked to the funding of armed groups waging a civil war in the country. These metals are widely used in the components and assembly processes of electrical and electronic products and in many other industries. The possibility that HP products contain metals that fund armed conflict in the DRC is unacceptable to us, and we are taking a leading role to establish conflict-free sources in the DRC.

This issue has received attention as a result of campaigns by nongovernmental organizations and the inclusion of a conflict minerals section in the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act. We see a window of opportunity to capitalize on the current level of heightened concern and establish the governance framework needed to enable transparent, conflict-free mineral trade in the DRC. An unintended consequence of the Dodd-Frank Act is the risk of a widespread exodus of trade from the region, worsening the plight of the local population.

In August 2012, the Securities and Exchange Commission (SEC) adopted a rule implementing the Dodd-Frank Act requirement that companies publicly disclose the use of conflict minerals originating in the DRC or adjoining countries. Companies must file their first SEC disclosure reports by May 31, 2014, for the 2013 calendar year. The SEC Rule creates an administrative incentive to embargo sourcing from the DRC and adjoining countries, since doing so would be the simplest route to compliance. However, HP's long-held values, as well as the United Nations Human Rights Council's Guiding Principles for Business and Human Rights, compel us to direct our supply chain spend toward responsible sourcing while doing our best to minimize adverse impacts on the people of the DRC.

The deep-rooted problems in the DRC require coordinated action by the business, government, and NGO community. HP is focusing on achieving progress through multi-stakeholder forums that facilitate that type of collaborative approach. We not only offer our perspectives but also commit resources to education, administration, and the development of tools to validate mineral sources.

Approach

HP's campaign to eliminate conflict minerals while supporting the DRC has five dimensions:

1. Conducting due diligence on HP's supply chain
2. Supporting the development of an industry approach to due diligence
3. Advancing the Electronic Industry Citizenship Coalition (EICC) and Global e-Sustainability Initiative (GeSI) Conflict-Free Smelter (CFS) program
4. Supporting in-region mineral certification
5. Advocating policy supporting conflict-free mineral sources from the DRC

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We were encouraged that our efforts garnered recognition by two NGOs active in the DRC and the conflict minerals sphere. In its report "Taking Conflict Out of Consumer Gadgets: Company Rankings on Conflict Minerals 2012," the Enough Project named HP as one of four companies that have been "pioneers of progress." HP also ranked second out of 24 consumer electronics companies assessed by the organization. In addition, we received a letter from Free the Slaves, an NGO dedicated to ending all modern forms of slavery, recognizing our work engaging the U.S. State Department to help resolve issues in the DRC.

Conducting due diligence on our supply chain

We scrutinize our supply chain for conflict minerals at two entry points: our first-tier suppliers and the smelters identified by those suppliers in HP's supply chain that process mineral ores into metals (see below).

During 2012, HP resurveyed its first-tier suppliers of components that may contain 3TG and communicated three fundamental expectations for remaining an HP supplier: providing information about the smelters they use, adopting a DRC conflict-free policy, and setting the same requirements for their suppliers. We engaged with 790 suppliers through January 31, 2013.

This year, for the first time, HP is publishing the identity of the 3TG smelters/refiners that we have confirmed to be in our supply chain. We believe there may be other smelters/refiners that are yet to be identified, and we plan to update this list in the future. View list.

Supporting the development of an industry approach to due diligence

HP supports a broad industry solution to the issue of conflict minerals in partnership with the trade organizations EICC and GeSI, which are jointly leading the information and communications technology sector initiative. During 2012, our work included:

- Development and promotion of a common approach to conducting due diligence (see page 19 of OECD Cycle 3 Report on 3TT)
- Revision of the EICC and GeSI Conflict Minerals Reporting Template, which is used to gather due diligence information from suppliers and share that information with customers
- Updating of the Dashboard tool that facilitates data analysis for the Reporting Template (see www.conflictfreesmelter.org)
- Creating YouTube videos explaining how to use the Template and Dashboard Conflict Minerals Reporting Template Instructions and EICC-GeSI MRPRO Dashboard Instruction
- Completing a one-year pilot project of the Organisation for Economic Co-operation and Development (OECD) due-diligence guidance on conflict minerals. We provided feedback to the OECD and supported steps to advise companies involved in the conflict minerals supply chain on how to follow the guidance

HP led a team that helped inform the hundreds of industry members of EICC and GeSI about the CFS program and supporting tools. HP drafted the training materials and delivered the training via webinars. The intent of these efforts was to encourage companies to adopt a standardized approach to improve information accuracy and reduce administrative duplication.

Advancing the Conflict-Free Smelter (CFS) program

HP is one of five company representatives on the Audit Review Committee of the EICC GeSI CFS program. The committee's role is to identify and validate smelters that process only conflict-free minerals. CFS auditors visit and audit smelters according to CFS-developed protocols for tantalum, tin, tungsten, and gold. The audit protocols have been shared with other industry sectors.

In support of this program, HP visited five smelters in 2012, bringing the total visited since 2010 to 16. The database of conflict-free smelters is maintained at www.conflictfreesmelter.org. To encourage smelters to participate in the CFS program, HP joined with two other organizations to establish a Conflict-Free Smelter Early Adopters Fund. The fund awards grants of up to $5,000 to certified smelters to offset part of their first successful audit.

Supporting in-region mineral certification

To establish a complete conflict-free supply chain, a mineral must be certified at the source and during the chain-of-custody process in the DRC. Creating a validated supply of minerals to smelters from the mines poses significant challenges. Since there is no way to distinguish minerals from different mines, a form of secure traceability at all stages from mine to smelter is needed.

HP is involved in three initiatives working to establish in-region certification: The Public-Private Alliance for Responsible Minerals Trade (PPA), Solutions for Hope, and the Conflict-Free Tin Initiative.

Public-Private Alliance for Responsible Minerals Trade

The Public-Private Alliance for Responsible Minerals Trade is a joint initiative between the following stakeholders:

- International Conference on the Great Lakes Region (ICGLR)
- NGOs

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- Private sector companies
- Trade associations representing a range of industries
- U.S. government

HP was the first corporation to commit to joining the PPA, and an HP representative was elected to its Governance Committee. During 2012, the PPA established its governance structure and work plan and awarded funding to two organizations operating on the ground in the DRC:

- Partnership Africa Canada will receive nearly US$350,000 to develop a traceable, conflict-free mineral supply chain for artisanal gold from Orientale province.
- The National Center for the Support of Development and Community Participation will receive more than US$135,000 to support civil society's capacity to monitor transparency, implement an early-warning system, and build the accountability of the mining sector in South Kivu province.

Solutions for Hope

HP participates in Solutions for Hope, a project led by major capacitor manufacturer AVX Corporation, and visited the DRC operation in 2012. One of the prime uses of tantalum is in the manufacture of electrical capacitors. Solutions for Hope achieved the first validated source of conflict-free tantalum ore from the DRC through a "closed-pipe" supply chain that stretches from a mine free of conflict interference to a validated smelter.

Minerals from the Mai-Baridi and Luba mines located in the northern part of Katanga province were transported to the F&X Electro-Materials Limited smelter in Guangdong, China, which has been validated as a conflict-free smelter by the CFS program. F&X processed the material into tantalum powder and wire for AVX, which manufactures tantalum capacitors from the metal. HP has incorporated these components into selected products.

Conflict-Free Tin Initiative

Following Solutions for Hope's success with tantalum, HP joined the Conflict-Free Tin Initiative (CFTI) in October 2012.

CFTI has support from the government of the Netherlands, which is establishing a public-private partnership to produce tin ore (cassiterite) from the Kalimbi mine in South Kivu province of the DRC. The Tin Supply Chain Initiative (iTSCi) is responsible for ensuring traceability of the pilot project using the approach developed for tantalum.

The government of the DRC and local civil society are involved in the initiative, which is structured within the framework of the International Conference of the Great Lakes Region and will be consistent with the due diligence guidance of the Organisation for Economic Co-operation and Development.

Advocating policy supporting conflict-free minerals sources from the DRC

In addition to the operational work outlined above, HP advocates policies that will encourage conflict-free sources of 3TG from the DRC and is engaging widely with policy makers, regulators, NGOs, and other stakeholders with this objective. In 2012, our main advocacy and engagement activities were as follows:

- HP worked to influence the SEC's rule implementing the conflict minerals clauses of the Dodd-Frank Act. Our approach has been to facilitate discussion and consensus with a broad group of stakeholders through the Multi-Stakeholder Group (MSG). The MSG's prime aim is to avoid a widespread withdrawal of trade from the DRC following implementation of the SEC rule, which would adversely impact the people of the DRC. The MSG formally stated its support for the final version of the rule adopted by the SEC.
- HP is also seeking the support of the U.S. government to use diplomatic channels to encourage improved security and governance in the DRC. Working through the MSG Diplomatic Group, we helped facilitate an MSG letter to the U.S. Department of State. The MSG expressed the view that there is a window of opportunity for progress created by current heightened focus on the issue and that a coordinated diplomatic initiative by major donor countries to the DRC should be organized.

Next steps

During 2013, we will continue pursuing our campaign for conflict-free minerals through the initiatives outlined above. We hope to accelerate the rate of smelter validation so that an increasing range of conflict-free metals and components can be incorporated into HP products.

Supplier diversity

Register your interest in becoming a supplier to HP.

Diverse suppliers bring innovation to HP's supply chain, helping us gain a competitive advantage while supporting our global citizenship efforts. HP's Global Supplier Diversity program promotes an HP supply chain that is diverse, inclusive, and global and reflects the demographics of our customers and employees.

Supplier diversity is also mandatory for fulfilling contracts with many government agencies worldwide. Increasingly, large enterprise customers also require HP to demonstrate a commitment to supplier diversity.

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Our approach

HP has maintained a Global Supplier Diversity Office for more than 40 years. Its mission is to generate revenue by enabling HP to fulfill contracts requiring a globally inclusive supply base. Our supplier diversity program gives diverse companies an equal opportunity to compete for HP business. These companies include:

- Aboriginal/indigenous businesses
- Lesbian, bisexual, gay, and transgender businesses
- Minority-owned businesses
- Service disabled veteran-owned businesses
- Small businesses
- Women-owned businesses
- Veteran-owned businesses

Global supplier diversity

In 2013, we will continue to expand our supplier diversity program beyond the United States and Canada into Asia, Australia, and Europe. We work with governments and diversity-focused organizations to establish regional definitions of diversity that reflect local society and culture.

We are members of over 20 supplier diversity organizations in Asia, Canada, Europe, and the United States. These include:

- The Canadian Aboriginal and Minority Supplier Council
- Minority Supplier Development UK
- Minority Supplier Development China
- National Minority Supplier Development Council (United States)
- National Gay and Lesbian Chamber of Commerce
- Supply Nation (Australia)
- Women's Business Enterprise National Council
- WEConnect International

In 2013, HP plans to tailor our supplier diversity program in Australia, Canada, China, India, the UK, and the United States to the needs and definitions of diverse suppliers in each of those countries.

Supplier development

We sponsor and support diverse supplier development programs, provide access to technology solutions, and offer educational scholarships. These help diverse suppliers offer enhanced delivery, quality, and service. Notable initiatives include:

United States

- **Diverse supplier development** A mentor program designed to foster long-term relationships between HP and select HP diverse suppliers.
- **United States Public Sector Mentor-Protégé Program** This Department of Defense program helps small diverse suppliers compete for prime contract and subcontract awards by partnering with large companies such as HP. Our diverse supplier protégés gain access to the skills and resources offered by HP's Global Procurement team.
- **Tuck Executive Minority Programs** HP sponsors diverse entrepreneurs to attend educational programs. These include:
  - Building a High-Performing Minority Business, which focuses on developing and implementing customer-focused strategic plans
  - Growing a Minority Business to Scale, which focuses on strategies for organic growth, mergers, acquisitions, and strategic alliances

Global

- **Diverse supplier events** HP cohosts events with local business councils worldwide. We also participate in regional and national events that introduce diverse suppliers to potential HP customers.
- **Donations** HP donates technology equipment to select diversity nonprofit organizations, based on an analysis of the organization's needs.

In 2012, HP procurement professionals participated in more than 55 diverse supplier events in Australia, Canada, China, the United Kingdom, and the United States.

In the United States and Canada these included:

- **Business matchmaking** In 2013, HP enters our tenth year as co-sponsor, collaborating with SCORE, a resource partner with the U.S. Small Business Administration, to sponsor the multicity Business Matchmaking program. This offers small businesses the chance to participate in governmental and major corporate procurement opportunities. These events have facilitated more than 88,000 seller-to-buyer meetings in the past decade.
- **HP Connect** These summits provide hundreds of prescreened small, minority, and women-owned businesses the chance to meet HP commodity managers and selected HP tier-one suppliers.
- **Strategic sourcing** HP global procurement staff and other business units took part in strategic sourcing roundtable discussions at the Canadian Aboriginal and Minority Supplier Council Procurement Fair. The organization's member suppliers met with HP staff to learn about potential procurement opportunities and to learn better how to do business with HP.

Globally, examples of our diverse supplier events included:

- **Negotiating skills** HP global procurement employees participated in a panel discussion to help suppliers prepare for corporate negotiations. The panel was facilitated by Minority Supplier Development UK (MSD UK), which connects large corporate organizations and ethnic minority businesses to help them build commercially beneficial relationships. HP has been a corporate member of MSD UK for many years.

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- **Sustainability** HP's Global Supplier Diversity team took part in an event held at the US embassy in Beijing, China, which encouraged women-owned enterprises to embrace global citizenship. WEConnect International, a corporate-led nongovernmental organization that aims to empower and connect women business owners globally, cofacilitated the event. Its aim was to use global citizenship standards to encourage businesses to be more efficient and therefore more competitive suppliers to multinational companies.

Strategic supplier diversity spend reporting

We aim to do business with suppliers that use diverse suppliers in their own procurement. HP's Supplier Diversity spend reporting initiative expands our overall Supplier Diversity objectives by requesting that our most strategic suppliers utilize and report spend activity with small, minority, woman, veteran, and service disabled-veteran owned business enterprises (see right).

Strategic supplier diversity reporting initiative*

	2011	2012
Strategic supplier spend on small, minority, woman, veteran, and service disabled-veteran owned business enterprises** [$ million USD]	$318	$498

* Figures include production and nonproduction suppliers.

** HP considers suppliers strategic based on a number of areas relating to business, engagement, and other macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

Progress in 2012

HP's spend with diverse suppliers*, **, ***

	2008	2009	2010	2011	2012
Small businesses [$ million USD]	$3,365	$3,691	$4,316	$4,400	$4,792
Minority-owned businesses [$ million USD]****			$827	$733	$989
Women-owned businesses [$ million USD]****			$861	$476	$547

* All figures are for U.S. purchases from U.S.-based businesses.

** Data are for the 12-month period ending September 30, 2012, of the year noted.

*** Data beginning in 2009 include HP Enterprise Services (formerly EDS) spending. Data prior to 2009 do not.

**** Beginning in 2011, we did not include combined spend in the minority-owned businesses and women-owned businesses categories, which decreased the total spend compared with the prior year.

Related links

U.S. government websites:

- Small Business Administration

Business agencies:

- Business Matchmaking
- National Gay and Lesbian Chamber of Commerce
- National Minority Supplier Development Council
- WEConnect International
- Women's Business Enterprise National Council

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Goals

Supply chain responsibility

2012 goals	Progress
Transparency	
Promote supplier SER ownership and transparency by engaging with suppliers representing 90% of final assembly spend to develop strategies and/or participate in training for publication of Global Reporting Initiative (GRI)–based annual corporate social responsibility (CSR) reports. (See Supplier list for information on which suppliers currently publish GRI-based reports.)	Achieved. Suppliers representing 85% of final assembly spend publish GRI-based CSR reports. In 2012, we engaged with the Electronic Industry Citizenship Coalition (EICC) to form a transparency task force to perform capability-building programs and to increase EICC membership requirements to require GRI-based reporting. Through this work we engaged more companies than we previously targeted, and the task force included one supplier that accounted for another 5% of spend.
Continue to promote supplier transparency in environmental performance and carbon emissions–reduction by collecting carbon emissions data from suppliers representing 95% of first-tier manufacturing, material, and component supplier spend.	Achieved.
Outreach	
Advance outreach efforts by formalizing our supply chain SER partnership with multi-stakeholder programs and/or governments in high-risk areas.	Achieved. In 2012, HP formalized our partnership with the Dutch government's IDH: The Sustainable Trade Initiative and cofunded the initiative's newest project to improve working conditions at supplier factories in China.
Promote worker rights awareness and grievance mechanisms in emerging supply chain regions.	Achieved. In 2012 we held the Migrant Labor Training and Worker Rights EICC Training, the latter including grievance mechanisms.
Performance management	
Extend the reach of our highest-priority supplier improvement programs by requiring 75% of high-risk production suppliers (by spend) with working-hours major nonconformances to report on key performance indicators.	Achieved. In 2012, 77% of high-risk production suppliers (by spend) with working-hours nonconformances reported on key performance indicators.
Expand our audit program by increasing the number of supplier audits by 40% from 2011 levels and reaching 850 cumulative audits.	Achieved. We have conducted a cumulative total of 893 audits since 2004. In 2012, we performed 53% more audits than in 2011.
Expand the scope of our nonproduction audit program by performing audits in new geographic regions.	Achieved. In 2012, we audited nonproduction suppliers in Brazil, the Philippines, Poland, and Turkey.
Standardize auditor capabilities by ensuring 100% of HP lead auditors are trained in the EICC-Global e-Sustainability Initiative (GeSI) Labor and Ethics Lead Auditor course and pursue certification of all HP lead auditors to the International Register of Certified Auditors (IRCA) EICC-GeSI Auditor Certification.	Achieved. All of HP's lead auditors are trained in the EICC-GeSI Labor and Ethics Lead Auditor course. We are pursuing certification of all HP lead auditors to the IRCA EICC-GeSI Auditor Certification.
Promote conformance to SER standards further down in the supply chain by validating that 75% of high-risk production suppliers (by spend) have SER programs in place with their suppliers.	Achieved. More than 75% of high-risk production suppliers (by spend) have SER programs in place with their suppliers.
Facilitate supplier environmental performance improvements by tripling the number of HP supplier sites participating in the Energy Efficiency Program (formerly Energy Efficiency Partnership Program) compared with 2011 and sharing energy-saving best practices developed through the program to date.	Achieved. In 2012, 50 supplier sites participated in the program (compared with 12 supplier sites in 2011).

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2013 goals
Increased supplier ownership and management system discipline
Increase proportion of independent supplier audits to 40% in 2013.
Implement a five-tier SER rating system with each of HP's top five commodity supplier types.
Tackling new and persistent issues
Expand and increase frequency of working hours key performance indicator tracking.
Train 90% of HP final assembly suppliers in China on HP's Student & Dispatch Worker Guidelines.
Expand programs to enhance health and safety awareness and capability with suppliers in Brazil, Southeast Asia, and China.
Implement environmental improvement programs at high-risk top-tier component manufacturing and final assembly suppliers located in water-stressed regions.
Expand the Energy Efficiency Program to Southeast Asia, including subtier suppliers.
Achieve a rate of 65% of first-tier strategic* nonproduction suppliers reporting on GHG emissions.

* HP considers suppliers strategic based on a number of areas relating to business, engagement, and other macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

Supplier diversity goals

2012 goal	Progress
Increase the number of suppliers reporting strategic supplier diverse spending and the total amount of spend.	Achieved. In 2012, HP's strategic suppliers spent $498 million on small, minority, woman, veteran, and service disabled-veteran owned business enterprises, representing an increase of 56% from 2011.

2013 goals
Tailor our supplier diversity program in Australia, Canada, China, India, the UK, and the United States to the needs and definitions of diverse suppliers in each of those countries.
Increase the total amount of strategic supplier diverse spend reported up to 10%.
Report HP's supplier diversity spend for Canada and the UK.

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Privacy

People rely on information technology (IT) to manage many aspects of their daily lives. When they use IT, they expect their privacy and personal information to be protected. HP takes this responsibility to our customers very seriously. In the age of the Internet, protecting privacy can be a challenge. The ubiquitous use of personal information makes products and services more personalized, convenient, efficient, and widely available. However, it also makes personal information vulnerable to misuse.

Many privacy laws were created before the widespread use of the Internet, and regulators are struggling to keep pace with emerging technologies. HP is closely involved with governments and regulators worldwide to shape new privacy policies and frameworks. We support global interoperability between regional frameworks, such as European Binding Corporate Rules (BCR) and APEC Cross-Border Privacy Rules (CBPR), and encourage collaboration between nations and regions to promote relevant, well-defined, and principles-based approaches.

>99%

of permanent employees completed privacy training

HP led a consortium that was awarded European Community funding for research on accountability models for cloud services

HP served as a Trusted Advisor to the European Commission and data protection regulators to influence the development of new privacy legislation

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HP strives to be the benchmark of trusted companies for balancing robust use of information while protecting the legitimate rights and interests of data subjects. We use accountability and social responsibility as the framework for addressing new challenges to privacy and we embed this concept in our processes, products, and services. This approach, supported by training and auditing, ensures compliance with our privacy policies and commitments. As a pioneer of the accountability methodology, we continually anticipate and adjust to regulatory changes, new technologies and business models, and emerging consumer expectations.

Approach

HP's privacy strategy is based on providing transparency and choice to our customers. We create a chain of accountability for data privacy and security throughout our business and apply Privacy by Design in the product development process.

The HP Privacy Accountability Framework (see below) represents our comprehensive approach to helping employees assess and manage the risks associated with collecting and handling personal data. This helps us meet customer expectations and ensures transparency in our practices. The framework goes beyond legal requirements and also takes into account our company values, ethical considerations, contractual agreements, and local cultures. HP continues to pioneer and advocate accountability in new regulatory models worldwide to address new challenges.

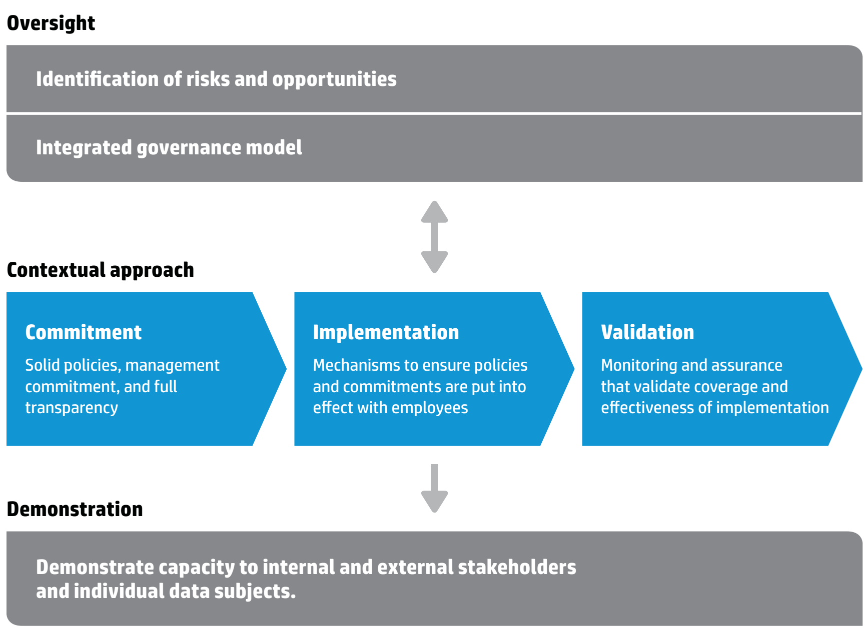
HP teams work together to implement and monitor our privacy program. In 2012, more than 99% of permanent employees completed privacy training as part of our required Standards of Business Conduct course, which now includes an HP Privacy Advisor module. Employees in functions that routinely handle personal information, such as human resources, marketing, and client services, receive additional privacy training specific to their role.

Since 2008, our Privacy Office has worked with international regulators and industry groups through the Centre for Information Policy Leadership on a multiyear project to define what it means for a company to be accountable for its privacy practices.

The first three phases of this work identified the essential elements of accountability, defined ways to measure accountability, and developed the governance model that companies should adopt to implement accountability in the marketplace. In 2012, the fourth phase, sponsored by the EU Data Protection Supervisor's Office, focused on the specific components of a comprehensive program that companies need to establish and how to demonstrate the capacity of that program to external parties. This work continues with a focus on accountability as a foundation for global interoperability.

For more information about our commitment to privacy, read the HP Global Master Privacy Policy.

HP Privacy Accountability Framework



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Daniel Pradelles
HP employee since 1979

With the advent of technologies such as cloud computing, social media, e-commerce, cookies, and smart mobile devices, issues surrounding privacy and data protection matter now more than ever. HP's rigorous data privacy programs and practices are evidenced by, among other recognition, the acceptance of its Binding Corporate Rules by the European Data Protection Authorities.

The motivating factor in these efforts, says Daniel Pradelles, HP's privacy officer for Europe, Middle East, and Africa (EMEA), is trust. "Today, with the close relationship between the individual and the Internet, it is very important that we keep the trust of the data subject, or individual citizen, and ensure that his or her data are handled in the right way."

This requires not only complying with an evolving set of laws but also continuing to meet heightened user expectations in this area. Daniel works to ensure that HP does both through the company's accountability approach to privacy.

"We advocate that companies should act in a responsible way, often exceeding minimum legal requirements, and also account for a range of other important factors. HP is one of few companies seen as a thought leader in regards to safeguarding privacy," he says.

In addition to working internally, Daniel also helps HP have a broad impact on the global privacy agenda, with regulators and the industry, in the EMEA region and worldwide. He meets regularly with European Union privacy officials to build partnerships and shape best practices. Europe has some of the most stringent privacy protection regulations globally, with privacy codified as a fundamental human right in the EU charter.

Daniel also coordinates with his privacy officer counterparts in the Americas and Asia Pacific and Japan regions on efforts to bridge differences in privacy laws and regulations across borders. This is essential to implementing global interoperability, a framework to responsibly manage worldwide flows of data.

Daniel believes that the importance of privacy to HP and its customers will only continue to grow. "In terms of global citizenship, respect for individual privacy is essential," he says. "And as technology becomes even more widespread, data protection will increasingly become a critical business requirement, which is why staying ahead gives us a competitive advantage."

Privacy and Data Protection Board

The HP Privacy and Data Protection Board (PDPB) is responsible for privacy oversight and risk management at HP and is part of our overarching Ethics and Compliance governance structure. The board, which meets quarterly, comprises executives from business units and functions throughout the company.

The PDPB assesses privacy risks facing HP each year, and identifies appropriate ways to mitigate these risks. In 2012, the PDPB identified numerous risks, including cloud computing, outsourcing, and data destruction. We rigorously address issues and mitigate risks through company-wide projects with specific programs to increase interactions between internal stakeholders.

Monitoring compliance

HP monitors compliance with privacy policies through an internal privacy audit and assurance program. We also monitor compliance through third-party certifications, dispute-resolution mechanisms (for example, TRUSTe and the Better Business Bureau), and robust monitoring of customer and employee feedback.

Our Privacy Assurance program assesses internal compliance with our privacy policies and standards, and tracks and mitigates risks and potential noncompliance. The program covers all business units and functions that collect, use, access, or store personal information. Following a compliance audit, we develop detailed remediation plans where necessary.

All suppliers and third-party vendors who handle HP customer and employee data are contractually bound to comply with terms to ensure the proper handling and security of personal data. HP Enterprise Services is responsible for handling clients' personal data and defines our privacy and security commitments in our client contracts.

Employees and customers can contact our Privacy Office in more than 30 languages with queries, concerns, or comments. We follow detailed protocols to ensure we handle inquiries and requests appropriately and promptly. In 2012, the Privacy Office handled more than 70,000 inquiries.

Privacy in products and services

We use a variety of tools and resources to help ensure that our products and services meet the highest privacy standards.

Privacy by Design

We integrate privacy and data protection into our new products and services through a practice known as Privacy by Design. Privacy by Design embeds company-wide standards in the product development process to ensure consistency and compliance across our portfolio.

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HP Privacy Advisor

The HP Privacy Advisor tool is an answer-driven dynamic questionnaire that helps employees apply our privacy standards by guiding them through a privacy impact assessment and risk-management process. Our business groups use the HP Privacy Advisor tool and consult with the Privacy Office to assess new and existing products and services in development for compliance with privacy standards.

HP Labs

Scientists at HP Labs continue to work with our Privacy Office and external partners to develop new ways to protect privacy, with a focus on data stored in the cloud.

HP Labs is leading a consortium of 13 organizations, including Cloud Security Alliance, SAP, and top universities in Europe, in the A4 Cloud research project that launched in October 2012 following the award of European Community funding. The research project is exploring the development of accountability models for cloud services. These are intended to help users hold cloud service providers accountable for processing their data in the cloud and to help those service providers provide better privacy protection and demonstrate compliance in a global environment. In addition, HP Labs is working with Cloud Security Alliance to promote guidelines, research, and education related to enhancing security in the cloud.

Streamlining global regulations

New policy frameworks worldwide are increasing expectations for privacy and shifting organizations' legal responsibilities away from basic liability. Businesses must now demonstrate that they have comprehensive programs and the capacity to protect privacy and effectively manage risks. HP works closely with regulators, industry, and consumer advocates to contribute to the development of such frameworks, which are based on accountable and responsible global practices in the form of coregulations, such as Binding Corporate Rules (BCR) and Cross-Border Privacy Rules (CBPR).

Although some variation in laws by country is inevitable, it is possible to achieve global practices that create a more consistent, reliable, and transparent set of guidelines. Global coregulations work toward greater global interoperability and provide increased transparency for consumers. Though the specific requirements of each framework differ by geography, all are based on recognized standards such as the Organisation for Economic Co-operation and Development privacy principles.

European Union

HP is one of the few U.S. companies that have been granted approval for BCR for Controllers. This approval is granted by European data protection authorities and allows multinational companies to demonstrate that they have adequate programs and processes to uphold the requirements of European data protection law when transferring data between group companies located in different countries. BCR removes the administrative burden of alternative methods of compliance for international data transfers. HP aims to be one of the first companies to apply for BCR for Processors, ensuring confidence for our customers as we assist them in transferring their personal customer data to group companies outside of Europe. This will be of particular benefit to our cloud service customers.

We continue to share our business insight as a Trusted Advisor to the European Commission and data protection regulators as the region revises its data protection legislation. In 2012, we provided a detailed response to the

Dr. Larry Ponemon
Ponemon Institute

For nearly a decade, Ponemon Institute research has shown HP to be one of the most trusted companies throughout the world for privacy and the protection of personal information. Maintaining a high level of trust among consumers, business customers, and other stakeholders is a daunting task, especially in today's digitally connected world. Further, striking a balance between good privacy practices and the growing demand for more and better data about consumers and customers is very difficult to achieve. Finally, HP's truly global footprint requires it to comply with a proverbial "patchwork quilt" of privacy and data protection regulations that appear to be in a state of rapid change in all major regions of the world.

I believe HP has the ability to confront and withstand challenges that would otherwise diminish its privacy commitments to consumers, customers, and other stakeholders. What impresses me the most about HP's privacy program is its exceptional team of privacy experts and strong, positive leadership by the company's chief privacy officer. I'm impressed with HP's ability to integrate good privacy and data protection practices into its core business processes throughout the world. I'm also impressed with HP's ability to align privacy program objectives with the company's core values and strategy. In short, when it comes to honoring its privacy commitments, HP is one of the few companies that walks the walk.

Despite the many accomplishment made by HP's privacy team to date, it is clear that technology changes—such as the rise of smart devices, cloud computing, virtualization, social media, and big data—can potentially impact the company's positive privacy culture. It may be helpful for the company to establish an external advisory counsel to help the privacy program navigate through potential technological changes that might impact privacy and the stewardship of personal information. Members of the advisory counsel should represent a cross-section of leaders from the privacy community, information security experts, and technologists. Another optional suggestion would be for HP to conduct and publish an independent audit of its privacy program and related commitments to stakeholders.

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EU's public consultation on the proposed data protection regulation and consulted with key stakeholders, emphasizing the need to develop law that promotes innovation, protects consumer rights, streamlines data protection rules, and builds trust in the cloud.

Asia Pacific

The privacy environment in Asia Pacific continues to evolve as more countries adopt data privacy regulations or update existing legislation to meet current demands and trends. HP works with governments to help shape regulations, such as:

- Engaging with the Ministry of Information, Communications and the Arts in Singapore on new data privacy and Do Not Call Register legislation
- Providing feedback to the Australian Attorney General's Department on proposed mandatory data breach notification regulations
- Providing insight on the introduction of a data user registration and classification system by the Department of Personal Data Protection in Malaysia

The Asia-Pacific Economic Cooperation (APEC) ministers of trade endorsed the implementation of the APEC Cross-Border Privacy Rules (CBPR) to reduce barriers to information flows, enhance consumer privacy, and promote interoperability across regional data privacy regimes. In 2012, the United States was approved as the first APEC member economy in the CBPR system, and HP remains actively involved with the framework's implementation. HP is committed to being one of the first companies certified in the CBPR system, when it becomes available.

Latin America

We have provided guidance to several Latin American countries as they introduce new privacy regulations. For example, HP worked with the Ministry of Commerce and business groups in Colombia to enact a new privacy law in 2012. Specifically, we contributed to the development of secondary regulations and provided industry comments. This will be the first of a new generation of laws to integrate traditional concepts of privacy with innovative policy approaches such as binding coregulatory corporate rules. HP provided similar consultation to the legislative process in Mexico, where new legislation came into effect in 2011.

Goals

2012 goals	Progress
Continue to participate in key privacy initiatives to expand external thought leadership and drive next-generation policies and practices, working with regulators, nongovernmental organizations, and industry. Our aim is to advance new concepts of accountability and to further develop meaningful choice and protection for consumers that also allows companies to innovate.	We participated in the following global initiatives: • European Binding Corporate Rules (BCR) for Processors • U.S. Multi-Stakeholder process, which develops codes of conduct that relate to the principles in the Consumer Privacy Bill of Rights • World Economic Forum "Rethinking Personal Data: Strengthening Trust" working group • European Commission consultation on draft regulation • Accountability project, which in 2012—sponsored by the EU Data Protection Supervisor's Office—focused on the specific components of a comprehensive privacy program that a company should establish
Participate in the international implementation of the Asia-Pacific Economic Cooperation (APEC) Cross-Border Privacy Rules (CBPR).	We continue to participate in the implementation of APEC CBPR. CBPR were endorsed, and two APEC member nations have applied for certification.
Integrate current HP Records Management team into the HP Privacy Office to create a Privacy and Information Management organization.	We have integrated our teams to create a new Privacy and Information Management organization.

2013 goals
Maintain HP's position as the most trusted private sector advisor to regulators by upholding an industry-leading privacy program that anticipates trends such as big data, cloud computing, Internet of Things, and evolving consumer marketing methods.
Certify HP in the new APEC CBPR system.
Continue to advocate for accountability and global interoperability by providing industry input on the mapping of the two coregulatory systems of the Article 29 Working Group (EU Binding Corporate Rules) and APEC Privacy Subgroup (APEC CBPR).
Provide industry input to the draft EU Privacy Regulation to ensure a balanced approach that promotes privacy as a fundamental right and protects HP's current and planned business interests.
Support the development of BCR and CBPR for Processors by EU and APEC regulators by participating in the first trial of the new programs.

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HP people

HP's people are integral to our success. We hire, develop, and retain employees who make our business thrive, now and in the future. We offer supportive, motivating workplaces where everyone can flourish. Our culture is based on listening, sharing, inspiring, helping, and learning, and we regularly seek feedback on how we can perform better.

Our global workforce of approximately 331,800 employees worldwide[1] responds to the rapid pace of change in our industry and anticipates future business needs. We support their careers and development wherever we operate. Investing in people benefits our business, customers, shareholders, local communities, and society at-large. We aim to continually improve our people's experience of working at HP, as illustrated by examples throughout this section.

10,000

employees took part in leadership training sessions

40%

increase in participation in our mentoring programs

[1] As of October 31, 2012.

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Employment policies

Our global employment policies reflect our commitment to treat all employees fairly and to promote a culture of integrity and ethical decision making everywhere we operate. Our policies often set a more demanding standard than local laws or customs require.

Our Standards of Business Conduct set out the fundamental principles that govern our ethical and legal obligations.

Our Best Work Environment Policy defines the standards of personal conduct that we expect employees to meet to contribute to a positive, productive work environment.

Our Nondiscrimination Policy outlines how we aim to maintain a work environment free from discrimination.

Our Harassment-Free Work Environment Policy describes how we strive to achieve an environment where customers, employees, suppliers, business partners, visitors, and shareowners are treated with dignity, respect, and courtesy.

Our Global Citizenship Policy focuses on social and environmental areas that have been identified as priorities for our industry and broadly defines how HP integrates global citizenship into our operations.

Our Open Door Policy reflects our commitment to open communications and a workplace where each person's voice is heard.

Our Global Human Rights Policy commits us to fair treatment of all employees wherever we operate, and to promote human rights throughout our business.

We provide employees with the ability to report policy violations anonymously, and we fully investigate all issues raised.

See a full list of policies related to global citizenship at HP in Policies and standards on page 25.

Engaging our people

An engaged workforce strengthens company performance. Employees who are invested in HP's success perform well, promote our brand, and stay with the company. They also build quality relationships with our customers, communities, and other stakeholders. We promote engagement through several key programs.

Forums and networks

Our employees often work across time zones and continents, so virtual collaboration is essential.

Our people exchange ideas and views and collaborate through online and in-person forums, as well as Employee Resource Groups (ERGs). The first ERG was formed more than 30 years ago, and HP now has more than 120 across 30 countries. One of the largest ERGs, the HP Sustainability Network, helps employees learn about and share environmental practices that can benefit our employees, the company, and the planet. It has 36 chapters worldwide with thousands of members.

Social media plays an increasingly important role in engaging our people. In 2012, we launched OneHP, a social network that allows employees to post their profiles and share their projects, interests, skills, and expertise with other staff members. Through OneHP, employees can also connect with like-minded colleagues and seek help with problem-solving or finding experts in specific fields.

Many employees also use WaterCooler, another internal business social network, to stay connected and expand their contacts. The HP Connections network additionally supports conversations about products and sales-related topics.

Employee feedback

HP gathers employee feedback through formal and informal channels. One of the most important is the annual Voice of the Workforce (VoW) global survey. In 2012, 79% of all employees took part in this confidential survey, available online in 28 languages—compared with 78% in 2011.

Of the 45 items covered by the 2012 survey, 43 had scores that either improved or stayed the same. Areas of strength included employee engagement, teamwork, the relationship between employees and their immediate managers, and integrity and ethical practices.

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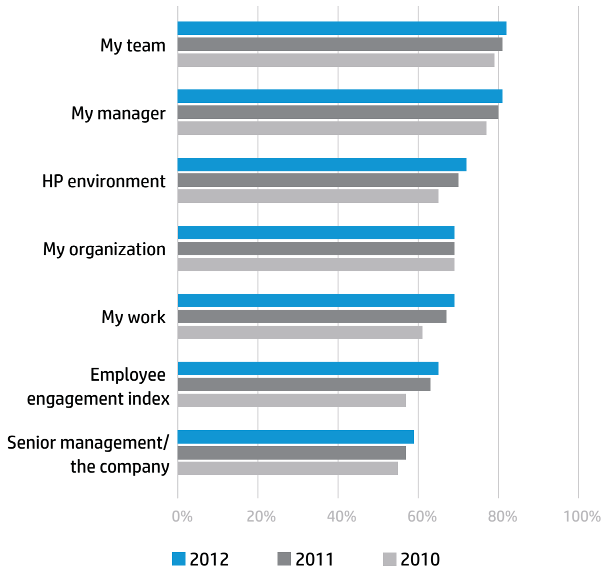
Voice of the Workforce 2010-2012 category scores
[% favorable]



HP managers use VoW survey results to better understand employees' perceptions of their experiences at work and to identify areas for improvement. We also use the findings to help measure the impact of employee-related programs and assess how to improve them.

After the VoW survey each year, leaders across the company work to address the issues highlighted. Follow-up actions are implemented HP-wide at the business unit level and within business groups. As of 2012, these improvements have concentrated on four key areas: pride in HP, work environment, recognition and rewards, and growth and development.

In addition to the VoW survey, HP regularly carries out targeted surveys to seek employee feedback on specific programs or issues. For example, the staffing organization routinely asks employees recruited into new roles about the quality and effectiveness of the recruiting and onboarding process.

Open dialogue with leadership

Employees can ask questions of HP leaders and review answers to common queries through the HP intranet Top of Mind feature, as well as in all-employee meetings. Topics addressed in Top of Mind relate to HP's business and strategy. Employees can pose questions using an online form or by video submission.

Most leaders also stage town hall meetings or coffee talks to share information and respond directly to employee questions, and on the intranet our "CEO Perspective" feature helps top executives frequently communicate with the company and receive feedback.

Employee volunteerism and giving

HP employees contribute their time, skills, and expertise to their communities while also supporting our global social innovation programs. Many employees make financial contributions to support their local communities and assist in disaster relief. For more information, see Community engagement on page 125.

Retiree engagement

Our approximately 85,000 retirees are important ambassadors for HP. We stay connected with them through communications, social networking, and the HP retiree website. In addition, HP plays an active role in the HP Retiree Advisory Board and contributes content to local retiree clubs worldwide.

As part of the 2012 U.S. enhanced early retirement program, we recognized the significant contributions of our longer-service employees through retirement celebrations at 61 sites, attended by around 17,500 retirees, colleagues, and guests. The celebrations were an opportunity for HP management and employees to thank retirees for their dedication and commitment and to let them know that we look forward to their continued involvement in the broader HP community.

Taking our children to work

One effective way of engaging our employees is by encouraging them to bring their children on a visit to HP. As part of our "Take our children to work" initiative, in 2012 and the beginning of fiscal year 2013 more than 12,000 children 8–15 years old visited HP workplaces with their parents at 96 sites across 36 countries. These events enhance employees' pride in HP, introduce children to the world of work and HP's technologies, and encourage them to think about future work options—possibly even with HP.

Building careers

HP has a long-standing commitment to recruit, develop, and retain the most skilled employees in our industry. To foster the best talent, we provide extensive opportunities for continual learning and growth.

Recruiting talent

We focus on developing and promoting talent from within before considering external applicants. When recruiting externally, we emphasize university hiring at intern, undergraduate, and graduate levels. Our businesses set targets for hiring interns and graduates from a wide

range of backgrounds. We conduct outreach and engage job candidates in digital forums, including TalentBrew, Twitter, LinkedIn, and Facebook. Once at HP, recruits receive extensive training about our company and its operations. In addition, they are mentored and coached by managers and senior leaders.

Learning and development

HP offers all employees the opportunities and resources to excel in their jobs and prepare for new challenges. Our global presence and networked workforce allows employees to learn from each other in many different ways and across a wide spectrum of specialties. We provide development opportunities through face-to-face training, live virtual training, and self-directed online courses. The vast majority of our training courses (97%) are delivered in virtual sessions or self-paced online modules. These can reach more employees and allow flexible access for people to learn anywhere and anytime. We offer more than 10,000 courses, and employees completed 6.9 million training hours in 2012.

In 2012, we focused our learning and development training as follows (covering 2.6 million enrollments across all delivery types):

- Business and functions: 36%
- Technical: 31%
- Sales: 24%
- Professional skills: 5%
- Leadership: 2%
- Onboarding: 2%

Employees also attend conferences, seminars, and trainings at accredited institutions, often receiving technical certifications.

We continually assess how we can raise awareness of, and increase access to, the most relevant learning and development opportunities. Between 2009 and 2012, the percentage of respondents to our Voice of the Workforce (VoW) survey who replied that the learning opportunities they need are available to them increased by 12 percentage points.

Learning communities

Employees may opt to join more than 30 learning and professional communities at HP to meet and interact with colleagues. Using virtual platforms, they can participate in trainings, share experiences, and gain access to tools, presentations, podcasts, and videos. Topics range from global sales development to technical career paths. Virtual programs simulate HP sites around the world so that new hires can visit them without having to travel.

Mentoring

Among the best professional development resources available to HP employees are the skills and expertise of their coworkers.

HP encourages this type of support through the Mentoring @ hp intranet site, which includes a directory of mentoring programs as well as advice and resources, both for mentors and for those seeking a mentor. In 2012, participation in our mentoring program increased by about 40% from 2011, to more than 6,300 people.

Enabling a high-performance culture

Sustaining a high-performance culture is a critical component in HP's success. In 2012, we made it a priority to help managers provide employees with rich feedback through robust and engaging conversations about their performance and careers—and it made a difference. Close to 87% of our employees had performance and career conversations in 2012, compared to 79% in 2011.

These conversations facilitate internal movement and promotion, helping employees fulfill their long-term career goals. In 2012, our VoW survey showed that 62% of employees felt they could meet their career goals at HP—a slight increase from 2011 and a 10% improvement since 2009.

Having these types of conversations with our employees not only helps sustain our high-performance culture, it also increases employee satisfaction, retention, and productivity.

Leadership development

Every HP employee leads, influences, and drives business results, regardless of his or her job description. Leaders of all types perform in various roles.

The HP Leader Attributes underpin our approach to leadership development. We redefined the attributes, which outline expectations for every HP employee, in 2012 for implementation in 2013. Employees can self-assess against these attributes, discussing areas of strength and opportunities for improvement with leaders at any time.

HP's Global Talent and Succession team promotes leadership development across the company for people at all levels—from employees with leadership potential to vice presidents. In 2012, the team conducted a company-wide review of leadership training to identify opportunities for improvement. Based on the results of this review, we have begun to build a new leadership curriculum that will be rolled out during 2013. We have already implemented some changes, such as our new Align program, which accelerates development of HP's high-potential directors.

During the year, nearly 10,000 HP employees participated in leadership training sessions. The majority were locally delivered, face-to-face sessions that encouraged people to network and share their experiences.

In the second quarter of 2012, we introduced a two-day Management Excellence course aimed at supervisors through experienced managers. By the end of the year,

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4,500 people had completed the course at more than 180 locally delivered sessions across all HP business units. Participants scored the course 4.5 out of 5.0 on average for satisfaction, quality, and relevance.

Our Leadership Development Central portal gives all employees access to material on leadership, and it attracted nearly 60,000 page views in 2012. We also gave HP employees the chance to use a new Leadership Learning in a Box training package, which contains 11 modules in an easy-to-use kit format for team or individual development. The package was used more than 9,000 times during the year.

Other programs offered in 2012 included:

- Five "Leading Ideas" live webcasts with senior executives, who offered candid insights and personal stories about their experiences of leadership and lessons learned
- "Leaders teaching leaders" programs used by around 400 HP leaders
- Training in management skills, through programs such as Managing @ hp, New Manager Excellence, Experienced Manager Excellence, and Excellence in Interviewing, which reached a combined 5,500 people in 2012
- Key Talent programs for our high-potential vice presidents, directors, managers, and supervisors, reaching more than 700 participants

HP Advisors

Working through the Schwab Foundation for Social Entrepreneurship and Global Health Corps, HP supports nongovernmental organizations that have demonstrated the ability to drive social change but require access to professional business skills to reach their goals, by pairing seasoned HP professionals with social entrepreneurs. Learn more in Social innovation on page 120.

Workforce restructuring

We support employees when business decisions such as restructuring and realignment affect their positions by allowing managers to match the competencies and skills of eligible employees with current job openings. Reassigning eligible employees to open positions within the company helps us retain internal talent and gives employees the opportunity to apply their skills to other HP jobs.

In 2012, we redesigned our U.S. Workforce Reduction program to include a preferential rehiring period for U.S. employees affected by workforce reduction. Eligible employees can continue to apply and be considered for internal HP positions during this designated period.

Diversity and inclusion

A workforce that includes men and women from different nations, cultures, ethnic groups, generations, and backgrounds, with a wide range of skills and abilities, helps us understand and reflect our customers' values and demographics. A diverse and inclusive workforce is also vital to attracting and retaining the best employees, and it helps drive creativity and innovation.

HP's diversity and inclusion policies and practices help foster a positive work environment. We expect and require every employee to treat others with dignity, respect, and courtesy. We do not, under any circumstances, tolerate discrimination or harassment. We comply with diversity laws as basic minimum requirements, and our policies often set a higher standard than is legally required.

We encourage employees to report suspected discrimination or harassment by contacting local human resources departments or using our confidential and anonymous 24-hour GuideLine. In Canada and the United States, the GuideLine number is 1-800-424-2965. For employees outside of those countries, we publish numbers on our intranet.

Our chief diversity officer is responsible for compliance with these policies. Our vice president and chief ethics and compliance officer is responsible for the GuideLine.

Working with diversity organizations

HP has developed partnerships with organizations whose missions align with our strategy of developing a diverse workforce and creating an inclusive work environment.

HP sponsors Catalyst, a leading nonprofit organization that works with businesses to build inclusive workplaces and expand opportunities for women. We use Catalyst's global database of research to inform and support our diversity and inclusion efforts. We also participate in Catalyst's annual awards dinner and attend many local events.

Since 2008, HP has supported the Anita Borg Institute for Women and Technology, a nonprofit organization that seeks to increase the global impact of women on all aspects of technology. HP provides office space for the institute's staff at our Palo Alto, California, facility, and we sponsor and participate in the organization's events. HP uses the institute's research, recommendations, and programs to provide support to women in HP's Technical Career Path program.

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HP has sponsored Out & Equal Workplace Advocates' Workplace Summit for more than 10 years. Out & Equal is a nonprofit organization dedicated to achieving workplace equality for LGBT people. At the summit, HP employees present workshops, demonstrate HP products, and talk about job opportunities at HP. The Human Rights Campaign, a U.S.-based LGBT civil rights organization, included HP on its 2012 list of best places to work.

A few of our many partners in our diversity and inclusion efforts include GettingHired, Leadership Education for Asian Pacifics, the National Action Council for Minorities in Engineering, the National Society of Black Engineers, Professional BusinessWomen of California, Simmons Leadership Conference, and the Society of Hispanic Professional Engineers.

Building cultural competence

With approximately 331,800 employees worldwide,[2] we are truly a global organization. As such, our employees' ability to interact effectively with people of different cultures is essential to our success. To boost cultural competency, we have created CQ, a training program designed to increase our employees' "cultural intelligence quotient." We successfully piloted the program in 2012 and will launch it worldwide in 2013.

Progress in 2012

We are committed to building an inclusive workplace where all employees can contribute and succeed. In 2012, for example, we:

- Piloted "cultural competence" educational sessions for employees that focus on how to interact effectively with people from different cultures
- Hosted International Women's Day 2012, engaging more than 2,500 employees in 24 countries to support the success of HP women
- Gave financial and practical help to allow employees in four countries to take part in a series of PrideFest events that celebrate the lesbian, gay, bisexual, and transgender (LGBT) community
- Delivered more than 200 events related to diversity topics through our Employee Resource Groups—which bring together people with common interests and backgrounds
- Sponsored the Anita Borg Institute for Women and Technology's annual Grace Hopper Celebration of Women in Computing conference in India

We track gender diversity globally and ethnic diversity in our U.S. workforce. The charts below detail our performance over the past five years.

In 2012, 23.5% of our top U.S. executives (director level and above) were women, down slightly from 23.9% in 2011. In the United States, minorities constituted 16.3% of our top executives, up from 13.4% in 2012.

We also promote diversity in our supplier base. See Supplier diversity on page 98 for details.

Worldwide workforce demographics, 2008–2012
[women as a percentage of total employees]*

	2008	2009	2010	2011	2012
Americas—employees	30.8%	35.0%	34.3%	33.3%	33.1%
Americas—managers	25.2%	28.3%	27.8%	28.7%	30.1%
Asia Pacific and Japan—employees	30.9%	32.5%	33.1%	32.3%	32.6%
Asia Pacific and Japan—managers	20.2%	21.2%	21.8%	22.3%	22.2%
Europe, Middle East, and Africa—employees	28.1%	30.0%	30.5%	29.8%	30.0%
Europe, Middle East, and Africa—managers	18.5%	20.0%	19.8%	20.9%	22.4%
Worldwide—employees	30.1%	32.9%	32.9%	32.0%	32.1%
Worldwide—managers	22.0%	24.3%	24.1%	24.8%	25.5%

* 2009 data exclude Brazil.

Global new hires, 2008–2012 [as a percentage of total]*,**

	2008	2009	2010	2011	2012
Female	34.9%	35.6%	35.2%	32.7%	34.6%
Male	65.1%	64.4%	64.8%	67.3%	65.4%

* 2009 data exclude Brazil.
** 2009 data reflect the time period January 1 to November 30, 2009.

[2] As of October 31, 2012.

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2012 U.S. workforce demographics [as a percentage of total]

	Male	Female	White	All minorities	Black	Hispanic	Asian	Native Hawaiian or other Pacific Islander	Two or more races	Native American	Total
Officials and managers	72.12%	27.88%	81.57%	18.43%	3.56%	4.48%	9.75%	0.00%	0.30%	0.34%	11.52%
Professionals	67.96%	32.04%	73.05%	26.95%	5.06%	5.14%	15.67%	0.08%	0.53%	0.47%	71.60%
Technicians	80.84%	19.16%	69.33%	30.67%	13.86%	7.51%	7.31%	0.22%	1.16%	0.61%	9.87%
Sales workers	66.28%	33.74%	66.42%	33.58%	7.17%	14.05%	9.22%	0.22%	2.41%	0.51%	1.56%
Office and clerical	37.73%	62.27%	66.23%	33.77%	19.81%	7.77%	4.22%	0.24%	0.96%	0.77%	4.76%
Operatives (semiskilled)	51.97%	48.03%	56.58%	43.42%	15.78%	9.87%	16.45%	0.66%	0.00%	0.66%	0.17%
Laborers	47.63%	52.37%	40.63%	59.37%	16.03%	24.15%	18.28%	0.00%	0.23%	0.68%	0.51%
Total	67.09%	32.91%	73.04%	26.96%	6.57%	5.67%	13.53%	0.09%	0.61%	0.49%	100.00%

U.S. new hires, 2008–2012 [as a percentage of total]*

	2008	2009	2010	2011	2012
White	67.2%	65.0%	61.7%	52.4%	64.8%
All minorities	32.4%	34.5%	34.8%	31.1%	34.9%
Black	8.1%	11.2%	14.5%	7.7%	10.8%
Hispanic	6.9%	7.1%	7.1%	6.7%	7.5%
Asian	15.7%	12.5%	10.5%	14.6%	12.6%
Native American	0.6%	0.7%	0.3%	0.4%	0.3%

* Sum of "White" and "All minorities" does not equal 100%, and the sum of "Black," "Hispanic," "Asian," and "Native American" does not equal the total for "All minorities" because some people do not declare or do not fall into these categories. "White" and "Black" figures for 2011 are markedly lower from other years, as 16.1% of respondents placed themselves in a new "Other" category, which does not allow identification by ethnicity.

Rewards and benefits

We acknowledge and reward our people for their work through our compensation, benefits, and recognition programs.

Compensation

After several years of tough business conditions, 2012 was the first full year that employee pay returned to pre-2009 levels. Moving forward, we plan to return to "business as usual"—an annual cycle of pay and benefit awards globally.

Our reintroduced Employee Stock Purchase Plan, which enables employees to buy HP shares at a 5% discount, attracted significant support in 2012. More than 2,000 employees enrolled in the year ending April 2012, mainly in Canada, the UK, and the United States. More than 22,000 employees now participate in the plan.

Senior executive compensation once again attracted interest from our shareholders at HP's annual meeting in March 2012, where our executive compensation packages were approved by a vote. Our president and chief executive officer, Meg Whitman, continues to receive a fixed annual salary of $1 USD and works under the same open-ended contract as all employees. Her nonsalary compensation is strictly tied to company performance and is paid via HP stock, not cash.

Senior executive remuneration is based not only on financial targets but also on factors such as business objectives, customer satisfaction, and people development.

During 2012 we began to grant more restricted stock units to managers below senior executive level. This change aligns performance-related pay with a longer-term outlook and provides a stronger link to shareholder expectations. These restricted stock units, which release (or "vest") HP shares to the employee at various times over a three-year period, are less likely to be affected by share price volatility.

In response to feedback from our 2011 Voice of the Workforce (VoW) survey, during 2012 we more clearly explained how pay relates to performance. We held presentations and town hall meetings worldwide about how we rate performance and also discussed our "Focal Point Review"—the annual cycle where we plan annual salary increases, bonus awards, and long-term incentive awards.

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We also increased transparency about the expected value of performance-related stock options over time, so employees know what to expect when their options vest.

Our 2012 VoW survey showed a four percentage point increase, compared with 2011, in the proportion of employees (57%) who felt that HP rewards staff members according to their job performance.

Benefits

HP's benefits programs recognize each employee's needs, allowing them to build a portfolio that fits their budget and rewards them for their work. In addition to base and performance-related pay and stock ownership, we offer benefits everywhere we operate. These benefits may include:

- Health and wellness plans
- Income protection insurance covering risks from injury or illness
- Retirement and savings plans
- Time-off programs
- Discount programs

We continually adapt benefits programs, and during 2012 we made numerous improvements. Some examples included:

- The U.S. launch of MyHPBenefits, a website outlining HP benefits information
- Expanded wellness and maternity care benefits in several countries
- Enhancements in health benefits in countries such as Colombia and India
- Expanded parental leave and backup childcare benefits for U.S. employees

HP conducts annual benefits enrollment in the United States and other countries, including Canada, Ireland, Malaysia, Mexico, Puerto Rico, Singapore, Spain, and the UK, so that employees can change their benefits if desired.

For more details, visit the HP Benefits website.

Recognition programs

Appreciating the efforts and achievements of employees at all levels has always been important at HP. We acknowledge employee accomplishments through Recognition @ HP, a program that promotes appreciation for good work. Our 2012 VoW survey showed that 67% of employees felt that HP was good at recognizing their accomplishments, up by three percentage points from 2011.

In 2012, we reviewed our recognition programs to look at how we can improve and expand them. Changes that we plan to implement during 2013 and 2014 include:

- Launching a new "celebrating service" program to thank employees for milestone years of service
- Establishing a colleague-to-colleague recognition program, called Living Our Values, that encourages employees to acknowledge each other's day-to-day support and achievements
- Setting up a program that allows managers to reward employees with HP points that can be redeemed for merchandise, experiences, travel, or charitable giving

Wellness

We take a holistic view of wellness that emphasizes emotional health and financial well-being as well as physical health. We are committed to making wellness a focus worldwide. We piloted our initial program in the United States, and we have since worked in more than 30 other countries to tailor wellness programs to local needs.

Our 2012 Voice of the Workforce (VoW) survey found that 80% of HP employees felt managers take a genuine interest in their wellness, compared with 79% in 2011. Reflecting our strength in this area, HP was named a 2012 Best Employers for Healthy Lifestyles winner by the Washington, D.C.–based National Business Group on Health for the second year in a row. We also achieved a Global Distinction from the same organization.

Maintaining work-life balance

We offer programs to help our employees manage personal and work commitments, as the pace of our industry can be demanding. In many countries, these include concierge services, backup childcare services, and stress-management resources.

Our annual VoW survey shows that flexible work arrangements are one of the features of the HP work environment that employees value most. These arrangements include:

- **Flex time** Working a normal eight-hour workday, but adjusting start and finish times
- **Part time** Working reduced hours on an ongoing or temporary basis
- **Telework** Working full time from home
- **Flexwork** Occasionally working from home, but primarily based on HP premises

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Additional programs that help employees improve work-life balance vary by country, including:

- Adoption resources and assistance
- Dependent care resources
- Education resources
- Family and medical leave
- New parent leave
- Vacation and paid time off

In 2012, we increased the help we provide to employees who look after children or elders, and added concierge services.

Wellness Ambassador network

More than 350 Wellness Ambassadors globally promote HP wellness initiatives at a local level around the world and help raise employee awareness of our programs. They plan events and work with local company leadership to integrate health, financial, physical, stress management, and other well-being strategies into daily employee routines and special activities. Wellness Ambassadors also meet virtually as a group to share best practices.

Global wellness

In 2012, we invited all employees to take on various global wellness exercise challenges. More than 40,000 employees in 80 countries participated, with many saying the challenges changed their lives for the better. "I have lost more than 20 pounds and regained confidence," said one employee. "I now feel good about myself, and I have also been able to motivate my family to have a healthier lifestyle. The program has been priceless." Participants walked or ran more than 7.5 billion steps collectively in just six weeks. Together, they clocked more than 32 million minutes of exercise—or over 60 years. Ninety-four percent of those who took part were satisfied with the experience. For more information, see our video on YouTube.

During 2012, we also held numerous successful wellness events around the world, including:

- **Austria** Employees were offered free muscle function and reaction tests on-site as well as the chance to use a biofeedback machine that allowed them to see and hear activity inside their bodies.
- **China** HP teams competed in The Amazing Race events in Beijing, Chengdu, Chongqing, Nanjing, Shanghai, and Wuhan.
- **Colombia** 50 employees took part in a race up the 48 floors of the Colpatria Tower in Bogotá.
- **Costa Rica** 2,000 employees joined a Ross Foundation event to fight breast cancer.
- **India** We opened three on-site clinics in Bangalore, which in the first four months attracted more than 6,000 employee visits.
- **Philippines** We held a day-long wellness celebration, HappinessPalooza.
- **United States** We sponsored a breast cancer awareness campaign, lunch-and-learn sessions on wellness, and the Know Your Health Numbers biometric screening program.

Other initiatives

Additional wellness projects during 2012 included:

- Power of Pink initiative, aimed at increasing breast cancer awareness among employees and their families in Austria, Denmark, Ireland, Sweden, the UK, and the United States through educational programs and onsite screenings, a dedicated website, and mobile mammography units in the UK and the United States.
- Protect the Skin You're In program, which offers free skin cancer screenings at HP's on-site health centers.
- Updating 30 HP fitness centers in 12 countries. We also built two new centers at HP facilities in the United States, bringing the total number to 48 in 13 countries.

Health and safety

One of our key commitments is to providing safe and healthy workplaces for our employees. This reflects our values and also makes good business sense. Employees are most productive when they are healthy—and the disruption caused by lost workdays costs us time and money.

During 2012, we continued to increase our focus on health and safety at non-HP business locations, as a growing number of employees work from home or at customer locations. We updated our Environment, Health, and Safety (EHS) policy and EHS management system to reflect this trend and to improve support for employees working at non-HP worksites.

In addition, we created a new version of our health and safety training course for non-HP business locations. This two-part course helps employees better understand the risks they face working off-site and the preventative measures they can take. The first part reviews information for work conducted in typical office environments, while the second looks at the risks encountered in unique locations, such as oil refineries and mines, or for other work activities that are more complex than a typical office environment.

Our health and safety programs are part of a comprehensive EHS management system that meets or exceeds applicable regulatory requirements globally. This system aligns with the internationally recognized Occupational Health and Safety Assessment Series (OHSAS) standard OHSAS 18001 as well as the ANSI Z10 and ILO OSH 2001 standards of the American National Standards Institute and the International Labour Organization, respectively. Five HP sites—in Ireland, Romania, Scotland, Singapore, and South Africa—are registered to OHSAS 18001.

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Our health and safety data-collection and tracking system, which we use to monitor injury trends at the individual site and corporate level, adheres to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

Communications and training

In 2012, we increased communication to employees worldwide about our online ergonomics training and risk-assessment guidance. It is important for members of our increasingly mobile workforce to evaluate their home offices, shared or dedicated workspaces, and customer locations to optimize health, safety, and productivity wherever they work.

Increasingly, the EHS organization is asked to provide information in support of our sales, service, and contract teams when responding to customer requests, completing new sales bids, implementing service agreements, or renewing contracts. In 2012, we published a new web page with typical questions and appropriate responses to help address such requests.

We emphasize health and safety from an employee's first day at HP by providing our employees with an overview of our health and safety policies and insights into how to prevent and respond to workplace injuries. Employees also receive training tailored to specific jobs and take courses that help them reduce risks in different work environments, including offices, manufacturing plants, laboratories, and warehouses.

Ergonomics training focuses on reducing the risk of injuries and illnesses related to materials handling and daily office work. We offer a training program in five languages on our internal learning and development website. If employees need material in additional languages, they can access the HP Safety and Comfort Guide, which was originally designed for customers and is available on HP's external website in 35 languages. Our online ergonomics risk-assessment tool, offered on our EHS website and on our internal learning and development website, helps employees identify and reduce office ergonomic risks.

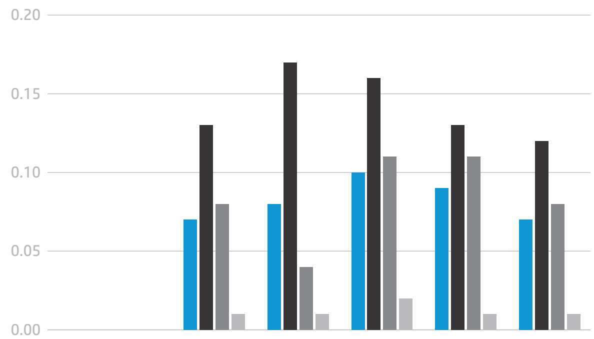
To prepare for implementation of the Globally Harmonized System (GHS) for chemical management in various countries, we developed a framework to train our chemical users and to help us adopt labeling that complies with relevant emerging regulations. In 2013, the focus will be on training our employees on new GHS formats for conveying chemical information.

Investigating work-related incidents is important to understand root causes and establish preventative measures. For example, in response to concerns about the possibility of injury due to large server cabinets tipping over when being moved, we developed a guidance document in 2012 that describes the risks and presents actions to prevent this from occurring.

Progress in 2012

Our primary performance metrics for work-related injuries are lost workday case rate and recordable incidence rate (see definitions in footnotes to graphs).

Lost workday case rate, 2008-2012*



	2008	2009	2010	2011	2012
Global	0.07	0.08	0.10	0.09	0.07
Americas	0.13	0.17	0.16	0.13	0.12
Europe, Middle East, and Africa	0.08	0.04	0.11	0.11	0.08
Asia Pacific and Japan	0.01	0.01	0.02	0.01	0.01

* Lost workday case rate is the number of work-related injuries that result in time away from work per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.2. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

The lost workday case rate decreased slightly in 2012 compared with 2011 in all regions except Asia Pacific and Japan, where it remained unchanged. Slips, trips, and falls continues to be the leading category for lost workday incidents, up slightly to 45% from 40% in 2011. We continually look for ways to improve in this area during our audits, inspections, and accident investigations. We also work closely with Global Real Estate to identify potential risks, and make improvements, at our HP sites. We educate employees on preventative actions in several of our EHS training programs and in our web-based health advisory on this subject. In our training course for working at non-HP business locations, we emphasize the importance of proper manual handling of materials and equipment. We are encouraged that the percentage of lost workday cases caused by incidents involving the manual handling of materials dipped from 20% in 2011 to 12% in 2012.

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Recordable incidence rates continued to decrease gradually in 2012, with the most notable reduction in the Americas region compared with 2011.

In 2012, the leading causes of all recordable incidents remained similar to 2011, although ergonomics—materials handling decreased slightly, and slips, trips, and falls, as well as incidents related to being struck by or cut by an object, increased slightly.

In 2012, the majority of recordable incidents were at HP sites. However, 22% of the recordable incidents occurred on customer premises, which is why in 2012 we focused on revamping training courses for employees working at non-HP business locations.

Leading causes of lost workdays, 2012

	2011	2012
Slips, trips, and falls	40%	45%
Ergonomics—materials handling	20%	12%
Ergonomics—office environment	12%	11%
Automobile accidents	11%	11%
Struck by/against/cut by	6%	14%
Other	11%	7%

Location of lost workdays, 2012

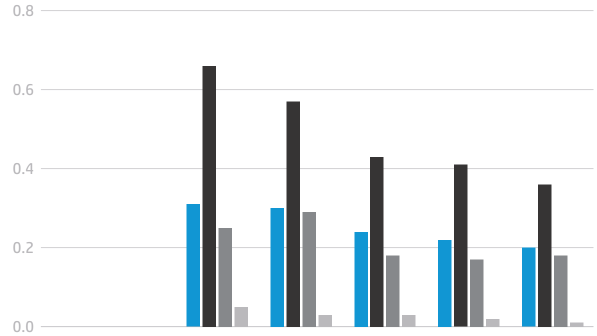
	2011*	2012*
HP sites	50%	53%
Customer sites	27%	23%
Business travel	15%	15%
Telecommuting/home office	5%	6%
Events/team building	3%	2%

* Totals do not add up to 100% due to rounding.

Leading causes of all recordable incidents (with and without lost time), 2012

	2011	2012
Slips, trips, and falls	32%	35%
Ergonomics—materials handling	16%	12%
Ergonomics—office environment	20%	20%
Automobile accidents	10%	10%
Struck by/against/cut by	11%	15%
Other	11%	8%

Recordable incidence rate, 2008-2012*



	2008	2009	2010	2011	2012
Global	0.31	0.30	0.24	0.22	0.20
Americas	0.66	0.57	0.43	0.41	0.36
Europe, Middle East, and Africa	0.25	0.29	0.18	0.17	0.18
Asia Pacific and Japan	0.05	0.03	0.03	0.02	0.01

* Recordable incidence rate is the number of all work-related lost-time and no-lost-time cases requiring more than first aid per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.6. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, Switzerland, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

Location of recordable incidents, 2012

	2011*	2012*
HP Sites	54%	57%
Customer sites	25%	22%
Business travel	14%	13%
Telecommuting/home office	5%	6%
Events/team building	2%	1%

* Totals do not add up to 100% due to rounding.

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Goals

Engaging our people

2012 goals	Progress
Increase employee engagement by 5% as measured by the Employee Engagement Index (EEI).*	The EEI employee engagement score increased by 2% compared to 2011.
Increase HP versus industry score on "Recommend HP as a great place to work."	Our VoW survey showed that the percentage of employees who said they would recommend HP as a great place to work was up two points from 2011.

* HP's EEI is a set of survey questions that rate employees' experiences related to productivity and engagement, measured in HP's annual Voice of the Workforce (VoW) survey.

Building careers

2012 goals	Progress
Develop and deliver world-class learning across onboarding, leadership, sales, professional skills, and technical development priorities.	In 2012, 85% of learners "agreed" or "strongly agreed" that HP provides high-quality learning solutions.
Drive next-generation learning strategies through learning and development innovation, technology, and tools.	In 2012, we provided learners with access to training from their desktop or mobile devices, offered "augmented reality" digital training for sales reps, and allowed new hires to "visit" HP sites around the world through virtual simulations on their computers.

Diversity and inclusion

2012 goals	Progress
Expand global focus on diverse talent to align with business need.	Cosponsored Working Mother's Global Advancement of Women Conference in São Paulo, Brazil, delivering insights for designing women's career strategies while increasing their impact on the business landscape.
Broaden focus on inclusion to drive employee engagement.	More than 9,000 HP Employee Resource Group members participated in more than 60 community events across all HP regions organized by HP's Office of Sustainability and Social Innovation.

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Where in the world?
View our map

Social innovation

Our world faces serious challenges, such as meeting the needs of a fast-growing population, addressing the effects of climate change, advancing global health solutions, and improving literacy and economic stability. As a leading global technology company operating in more than 170 countries, HP is uniquely positioned to contribute to solutions—by uniting the power of people and technology.

We focus the collective power of our people, portfolio, and partnerships where we can have the greatest impact. This includes education, health, and community. Solving complex social issues requires collaboration across a broad range of organizations. By combining the expertise of approximately 331,800 employees worldwide[1] with that of our partners, we make technology work for people in ways that create a positive impact on the world.[2]

Click map above for more detailed information about our projects around the world.

2 million
entrepreneurs have taken part in HP LIFE since 2007

200,000+
infants in Kenya and Uganda were tested for HIV/AIDS through the HP Early Infant Diagnosis (EID) project

$85+ million*
worth of volunteer hours were donated by HP employees

* Valuation rates are based on CECP standards.

[1] As of October 31, 2012.

[2] Some of the data reported on social innovation programs in 2012 are based on information provided to HP from partner organizations.

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Collaboration

Innovation and collaboration go hand in hand. We pursue all of our social innovation efforts in partnership with organizations that can increase our impact and broaden our reach. We cultivate relationships with diverse stakeholders, such as governments, academic institutions, nongovernmental organizations, customers, thought leaders, social entrepreneurs, and industry peers. We also collaborate across HP business units, including HP Labs, our main research and development facility. Together we develop holistic, successful, and scalable solutions that benefit communities over the long term.

The following are a few examples of our collaborations from 2012:

- **Collaborating with multiple stakeholders** HP worked with the Clinton Health Access Initiative, the Kenyan Ministry of Health, and Strathmore University to develop the Early Infant Diagnosis project to test and treat infants exposed to HIV.
- **Working with customers** The United Nations is a long-term customer of HP, and together we supported Community Technology Access (CTA), a program of the UN Refugee Agency (UNHCR) that provides forcibly displaced people and host communities in 22 countries with access to technology. In 2012, with HP technology and financial support, UNHCR built CTA centers in Bangladesh, Belarus, Ecuador, Iraq, and the Ukraine.
- **Teaming with government agencies** HP joined the United Nations Industrial Development Organization, the U.S. Agency for International Development, and the government of Italy to provide essential capability-building and business skills training to young entrepreneurs and enterprises with high employment potential, through the HP Learning Initiatives for Entrepreneurs (HP LIFE) program.
- **Collaborating with NGOs** HP is working with the NGO mothers2mothers to transform the organization's information technology infrastructure and develop new, more efficient processes for information access and management.

"We are in a unique position to help solve social challenges by uniting the power of people and technology, but we cannot do it alone. We need to leverage the power of our partnerships and networks. Effective collaboration among all relevant stakeholders—companies, governments and NGOs—is the only way to make a real social impact."

—Gabi Zedlmayer, vice president, sustainability and social innovation

Barbara Bush
CEO and co-founder, Global Health Corps

Barbara describes how collaboration with HP and the company's technology and thought leadership support Global Health Corps in its mission.

Education

Education drives innovation, entrepreneurship, and economic growth in communities worldwide. It is fundamental to finding solutions that will help address the critical issues outlined in the Millennium Development Goals.

At HP, we deploy our technology solutions, expertise, and partnerships to help teachers, students, and entrepreneurs build 21st-century skills that are essential to the digital economy. These skills include science, technology, engineering, math, global collaboration, innovation, and associated disciplines—collectively known as STEMx.[3] Our aim is to enable the next generation of leaders, innovators, and workers to leverage their full potential in a global workforce and IT-driven world.

Progress in 2012

Achievements in education	
Number of students impacted since 2010 launch of HP Catalyst Initiative	~130,000 students worldwide 50+ innovative models ready to be scaled
Amount invested in HP Catalyst Initiative consortia	$14 million USD and an additional $11 million USD from non-HP funding sources
Amount invested in Education Innovation Funds	$2 million USD ($1 million in Education Innovation Fund China and $1 million in Education Innovation Fund India)
Impact of HP LIFE since 2007	Reached more than 2 million people Helped establish and expand more than 25,000 businesses Created over 57,000 new jobs Expanded to an e-learning solution

[3] The "x" in "STEMx" refers to disciplines such as language arts, computer science, digital media, and other related subjects.

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Innovations in Education

HP Catalyst Initiative

This global network of educators explores transformative approaches to STEMx education. The goal of the HP Catalyst Initiative is to advance the teaching and learning of these critical subjects—from secondary education through university, both inside and outside the classroom—and to inspire students to apply what they learn in their chosen careers.

Members include schools, universities, nonprofits, and social enterprises that are placed into six research-based consortia. Each consortium receives technology, cash, and professional support. In April 2012, the HP Catalyst Initiative held an annual summit in China for participants to share experiences, exhibit projects, exchange knowledge, and identify areas of possible collaboration.

In 2012, HP gave 10 leadership awards to Catalyst institutions. HP contributed $2 million USD in 2012, bringing our total investment to $14 million USD since the initiative launched in 2010. In addition, Catalyst members have secured nearly $11 million USD from other sources to support their research and expansion. The 56 member organizations in 15 countries estimate that the initiative has impacted approximately 130,000 students worldwide.

2012 highlights from the HP Catalyst network include:

Multiversity Consortium

- Northwestern University in the United States developed Project ACCESS to enhance STEMx education in underfunded public middle and high schools. The innovative program provides students with access to professional caliber laboratory equipment via their web browser. Teachers receive training in curriculum development for use of online labs and other cyberlearning resources in the classroom. Northwestern lends tablets to participating schools that lack adequate technology.

  In a 2009 pilot test with twenty teachers and nearly 600 high school students, researchers observed an overall 15% increase in test scores in the remote online lab unit. Participation in the Catalyst initiative and Project ACCESS has helped to grow the remote online labs global network by 79% from 2011 through early 2013, to more than 5,800 students.

- A parallel project in Canada at Thompson Rivers University created the British Columbia Integrated Laboratory Network (BC-ILN) to bring modern scientific experiments to small rural schools and colleges that lack funding and infrastructure for a full laboratory. BC-ILN enhances science education in remote locations by providing HP tablets and workstations, access to online labs, and remote lab instrumentation and curriculum. Early feedback suggests that engaging students with modern scientific equipment sparks interest in science education. By the end of 2013, BC-ILN will analyze more than 1,500 students' samples from 10 participating campuses.

Measuring Learning Consortium

- The Colorado School of Mines in the United States developed InkSurvey, a free, web-based polling tool that measures student comprehension during science instruction. Using HP tablet PCs and digital pens, students input answers to open-format questions posed by the instructor. The real-time survey results help teachers adjust instructions to enhance student learning.

  An additional research study of InkSurvey showed that student understanding of chemical engineering topics was enhanced beyond what can be learned by simulations alone. From a pretest average score of 45%, student understanding increased to 58% with simulations alone, but rose to 78% when real-time polling was also used to support an interactive teaching approach. Members of the wider HP Catalyst community are now piloting the program.

- Through the Collaborative Assessment Platform for Practical Skills (CAPPS), Amrita University in India is improving STEM learning for students in rural locations using virtual teaching. Running on donated HP mini notebooks and PCs, CAPPS enables teachers to conduct simulations and virtual experiments online as well as monitor student performance. In the pilot program across nine schools and involving 3,400 students, 90% of teachers found CAPPS to be effective and 70% of students considered it to be a useful tool to support more individualized and self-guided learning. In 2012, the program expanded to 36 schools and more than 9,400 registered users. The target is to reach 50,000 students by 2014.

In 2013, the Organization for Economic Co-operation and Development (OECD) produced a comprehensive report about the HP Catalyst projects and opportunities for scaling up.

Education Innovation Funds

HP's Education Innovation Fund China (EIFC) and Education Innovation Fund India (EIFI) are country-specific funds worth $1 million USD that promote changes in teaching and learning to enhance 21st-century skills education.

In China, HP's fund supports teacher training through Zheijiang University and the National Commission of the People's Republic of China for the United Nations Educational, Scientific, and Cultural Organization. The fund will provide training for more than 5,000 teachers from 500 rural and urban schools in Hangzhou, Zhejiang province, and Chengdu, Sichuan province, for two years, impacting thousands of students annually. HP will then invite these educators to enter a competition for innovation in education, which will directly contribute to China's National Plan, including its National Strategy in ICT Education.

In India, the EIFI is a collaboration between HP and the India Council for Integral Education (ICIE), an initiative of the Sri Aurobindo Society. The fund invited project proposals from all organizations with a project capable of

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significantly changing how technology, pedagogy, or social process is used in education in India. EIFI awarded grants to more than 50 projects, including those at a stage ready to scale for mass delivery, and projects emerging from research, pilots, or models. Acknowledging the value of a young person's perspective on education, EIFI awarded several smaller grants for the best ideas from young learners (11-14 years old) and young innovators (15-18 years old).

The Education Innovation Funds build on the HP Catalyst initiative, which, through a multidisciplinary, collaborative, and global approach, convenes experts from various educational institutions to advance STEM education.

Watch a video to learn more about the HP Catalyst Initiative or visit our website for a full list of the network members.

HP VideoBook and Lab-in-Box solution

In 2012, HP piloted an innovative cloud-based application that allows students to access additional information when they need it. HP VideoBook supports personalized learning by extracting topics from an online textbook and automatically sourcing related videos from the Internet. Initial results from our two pilot schools in India were impressive:

- Students who used VideoBook learned significantly more than those who didn't use the tool, improving performance by up to 40%.
- Weaker students showed the most improvement.
- Students and teachers strongly agreed that videos enhance the learning experience.

In October 2012, HP Labs India received top honors for VideoBook in the Education Innovation category of the Wall Street Journal Technology Innovation Awards.

Lab-in-Box is another initiative that improves access to technology in schools that need it most. In 2012, HP deployed Lab-in-Box at a pilot school in Ahmedabad, India. Lab-in-Box transforms a shipping container into a fully operational, self-contained learning lab, equipped with 15 HP MultiSeat Thin Client computer terminals, a multifunctional printer, wireless connectivity, electricity, furniture, fans, and air conditioning.

Learn more about how HP's Lab-In-Box is giving students in India access to education.

HP LIFE e-learning

Entrepreneurs are the backbone of our global economy because they build the small businesses that create jobs now and in the future. However, many new business owners lack IT and business skills that are critical to turn good ideas into economic success. Moreover, according to the International Labour Organization's Global Employment Trends for Youth 2012 report, there are more than 75 million unemployed youth around the world who need access to educational resources that could help them develop or support a business idea.

HP Learning Initiatives for Entrepreneurs (HP LIFE) supports enterprising individuals and young unemployed individuals worldwide who want to start or expand small businesses but lack expertise, IT skills, and resources. The program provides access to technology and training in IT and business skills. Since launching in 2007, HP LIFE has:

- reached more than 2 million people with training, access to IT, and online activities
- helped establish and expand over 25,000 businesses
- helped create approximately 57,000 jobs

The Obama administration's Startup America Initiative has highlighted the HP LIFE program as a best practice model. An evaluation study conducted with participants of the USAID-funded Educational Quality Improvement Program 3 (EQUIP3) found that HP LIFE helped improve participants' income and employability, as well as the efficiency of business operations. Learn more about the report findings.

In 2012, we relaunched HP LIFE as a free, cloud-based e-learning program to exponentially expand its reach worldwide. The expanded e-learning platform allows students, entrepreneurs, and small business owners to access business and IT coursework on their own time, at their own pace, wherever they are. Developed with our NGO partner, Education Development Center Inc., HP LIFE e-learning offers skills training focused in four core areas: finance, marketing, operations, and communication. The online platform will also introduce new modules, webinars, and e-mentorship from HP employees. All modules are currently available in English, and we will roll out translations in four languages in 2013.

In the first six months after the relaunch, there were approximately 30,000 registered users of HP LIFE e-learning in more than 200 countries.

Social Innovation Relay

Through our partnership with Junior Achievement Young Enterprise, we inspire social innovation and entrepreneurship in students aged 15 through 18. Launched in 2011, the Social Innovation Relay (SIR) is a worldwide competition that challenges students to create innovative business solutions that address social needs. Using interactive meeting technology and online resources supported by HP, students collaborate and receive mentorship from HP employees throughout the competition. In 2012, more than 22,000 students participated from 13 countries and over 220 HP employees volunteered as facilitators, mentors, and judges. A team of students from South Africa won the 2012 competition with a concept for a solar-powered lamp to replace traditional kerosene lamps used during power outages and in locations without municipal electricity. Kerosene lamps create indoor air pollution and are damaging to health.

In 2012, we engaged Warwick University in the United Kingdom to evaluate SIR. Survey results from nearly 1,300 SIR participants showed that 98% rated their SIR experience positively and 74% had learned to collaborate in new ways to address social needs.

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The report further highlights the role of the HP Mentor, face-to-face or virtually. Survey respondents reported that their mentors positively influenced the way the respondents considered social issues (80%) and that these mentors provided examples and stories that could not to be found in books (75%). Almost two-thirds of respondents reported that their mentor had inspired them to consider starting up a social business.

Health

Good health is fundamental to quality of life. Yet access to even basic health services remains beyond the reach of billions of people. Public and private health systems are struggling to deliver effective care in developed as well as in emerging markets.

Through better use of technology, we improve access to lifesaving information and quality care, reduce barriers, and strengthen health systems around the globe. By rethinking processes and innovating solutions with governments, the private sector, and NGO partners, we can make a positive impact on global health systems worldwide.

In setting priorities, we take into account the UN Millennium Development Goals, which seek to address global health challenges, including reducing child mortality, improving maternal health, and combating diseases such as HIV/AIDS and malaria. Through our partnerships and technology, HP is connecting people to quality healthcare everywhere.

Progress in 2012

Early Infant Diagnosis (EID) project

In Africa, thousands of infants born with HIV die each year because outdated processes delay essential testing and treatment. Early treatment is critical in helping control the virus and improves survival rates. Working with the Clinton Health Access Initiative and the Kenyan Ministry of Health, we developed the HP Early Infant Diagnosis (EID) project to enhance early testing and treatment of infants exposed to HIV. By using technology to connect remote clinics, test results can be delivered in days instead of weeks, enabling life-saving treatment to start on a timely basis.

As of 2012, six state-of-the-art HP data centers connect with five laboratories, providing a platform to speed data transmission in both Kenya and Uganda, countries that have tested more than 200,000 infants. The program will expand to Nigeria during 2013.

In 2012, HP received the Justmeans Social Innovation Award, the Computerworld Honors Award, the GBC Health Award, and the mHealth Award for the EID project. Read more or watch a video about EID.

HP 3G printer

For many families living in remote locations, healthcare services are provided by local clinics with no computers or Internet access. However, mobile phones are commonplace, with 3G access available across much of Africa. To capitalize on this opportunity, we developed an all-in-one HP OfficeJet 6700 printer equipped with a modem that can connect to virtually any 3G network using local SIM cards. After a successful pilot test in Nairobi, we are rolling-out 200 of these unique 3G-enabled printers in Kenya, Uganda, and India. Patients' results can now be sent securely via e-mail and text message, and clinic staff can also use the printer to check and distribute health reports.

In the future, we plan to expand distribution of 3G printers through EID and in partnership with other health initiatives around the world. We are also investigating how to improve the technology to better serve local clinics and governments.

Digital Patient-Safety Dashboard

HP and the Lucile Packard Children's Hospital (LPCH) in Palo Alto, California, are jointly piloting an electronic Patient-Safety Dashboard that helps prevent human error in medical settings. Currently deployed in the Pediatric Intensive Care Unit, the dashboard provides a centralized location for hospital personnel to access critical patient data and alerts that highlight care needs by level of urgency. Early findings suggest that the technology prompts improved care for one-third of young patients every day, such as by reminding staff of overdue care or to alter the type or quantity of medication. Read more or watch a video about the Patient-Safety Dashboard.

Mirebalais National Teaching Hospital with Partners in Health

Following the 2010 earthquake in Haiti, health facilities located in and around the capital, Port-au-Prince, were left in ruins. With the NGO Partners in Health, HP is providing the IT infrastructure, software, services, and solutions for the new Mirebalais National Teaching Hospital. Just 30 miles north of Port-au-Prince, the flagship site provides high-quality education for the next generation of Haitian nurses, medical students, and resident physicians. Powered largely by roof-top solar panels, the 180,000 square foot, 320-bed hospital, which opened in April 2013, offers video conferencing access to U.S.-based medical resources for teaching and learning. Learn more.

mothers2mothers

HP helps the NGO mothers2mothers (m2m) bring better care to 20% of the world's HIV-positive pregnant women. The Mentor Mothers program employs mothers with HIV to mentor pregnant women and new mothers who are HIV-positive. Mentor Mothers work side-by-side with doctors and nurses in health facilities to educate and support women on managing their medicine and health as well as caring for their babies. HP provides m2m with enhanced information management and data analysis, enabling more efficient communication between Mentor Mothers and their mentees.

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eHealth Centre (eHC)

In rural and remote areas of developing countries, access to healthcare can be hindered by a lack of infrastructure and medical personnel. To help address this problem, HP, along with partners, developed the eHealth Centre (eHC), a mobile health center that can be rapidly deployed to provide affordable primary healthcare in remote areas.

The eHC rapidly deployable cloud enabled healthcare solution consists of an easily transportable standard shipping container equipped with built-in connectivity and electricity, with vital diagnostics equipment integrated directly to a cloud-hosted Electronic Medical Records database. A first of its kind, eHC contains vital diagnostics equipment integrated directly to a cloud hosted Electronic Medical Records database. Video conferencing connects paramedics with specialist medical personnel. We successfully piloted eHC in a rural village in India in 2012, providing health services to more than 4,000 patients in the first 100 days of operations. Learn more about eHC.

Community engagement[4]

The drive to do good runs deep among HP employees. Each year we support the many communities in which we live and work by giving back our money and time.

During 2012, thousands of HP employees worldwide volunteered or donated money to support local communities and assist in disaster relief efforts.

- HP employees donated more than 1.4 million hours[5] to volunteer projects, valued at more than $85 million USD.[6]
- HP employees, HP, and the Hewlett-Packard Company Foundation together donated more than $12 million USD to nongovernmental organizations (NGOs) and schools through the cash, product, and disaster-relief matching programs.
- HP employees who volunteered in HP board-service, pro-bono, or skills-based volunteering are 13% more likely to recommend HP as a great place to work compared with employees who did not volunteer through HP.

Our approximately 331,800 employees worldwide[7] have a wealth of skills to share and a passion to give back to their communities. We encourage and support volunteer efforts by providing four paid hours each month for employees to share their skills with the community.

Our employees and retirees have expertise in high-value fields such as technology, engineering, human resources, finance, supply chain, and manufacturing. We encourage them to offer their talents to resource-strapped NGOs in need of these skills. In some regions we provide Scopeathons, programs that bring together HP professionals with local NGOs—matching skills and needs.

Progress in 2012

Skills-based volunteering

HP is committed to delivering meaningful volunteering projects to communities. Below, we describe examples of volunteer models that HP employees use around the world.

HP Hackathon

In May 2012, 200 employees in Bangalore, India, volunteered for the HP Hackathon, a competition that brings together programmers and developers to create innovative solutions to real world problems. HP hosted the Hackathon as a global partner of Random Hacks of Kindness, an online community of programmers who create application-based solutions to social challenges. The winning idea was iTAD (Intelligent Tracking of Accessible Donors), a tool designed to track the nearest registered blood donor in a

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[4] **HP definition of employee volunteering/community involvement**

For an employee activity to be considered as volunteering/community involvement under HP's Social Innovation programs, it needs to meet these three criteria:

Serve the public good The activity should serve a charitable cause for the public at-large, such as alleviate poverty, improve reading skills in underprivileged children, or clean up public waterways. If the service is conducted through a faith-based organization, it needs to benefit the public at-large and not only members of that organization or faith.

Be conducted through a formal or informal organization that is not for profit (including, for example, sports leagues and clubs, libraries, K-12 schools and universities, social clubs, community-based organizations, government agencies, and nongovernmental organizations) or through HP's Social Innovation program. Please note: A favor or charitable gesture toward a neighbor, friend, or other independent individual does not qualify as volunteering/community involvement.

Be unpaid Employees should not receive compensation of any kind from the organization for their service, including cash, services, or other perks. Service conducted on HP time, and thus receiving employment compensation, is not considered paid and qualifies as volunteering / community service.

HP employee volunteering / community involvement can be:

- Conducted during paid work time per HP employee volunteerism policy (with management approval)
- Conducted on an employee's own time, completely independent of HP
- Time invested to make a cash or goods donation, such as the time dedicated to shopping for toys that will be donated, giving blood, or walking for a charitable cause
- Conducted as part of an HP department or team service project
- A contribution of skills or talent, such as board service, professional services, or technology support
- Any other form of service that serves the public good, is conducted through a formal organization and is unpaid, as specified in the defining criteria above
- Conducted by HP employees who are leading or organizing events in support of Social Impact initiatives (such as Social Impact country and site leads) but who are not members of the Social Impact team

[5] Figures represent only those employees who reported their volunteer efforts to HP or donated money through company channels.

[6] Hourly rate based on type of volunteering: $150/hour for Board, Service Corp, Pro Bono, and Skills-based; $20/hour for Hands-on and undetermined, adjusted using International Monetary Fund data for purchasing power differences across countries.

[7] As of October 31, 2012.

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specific region. iTAD will be used by a Rotary Blood Bank in Bangalore, which has recognized its potential as a valuable aid in finding donors with rare blood types.

Team-based capacity building

In Brazil, a dedicated team of HP volunteers helped strengthen the operations of the Center for Digital Inclusion (CDI), a nonprofit that uses technology to fight poverty and stimulate entrepreneurship. The team undertook a variety of projects, such as guiding CDI through a website and e-mail migration process, setting up a help-desk tool, and leading a large project management initiative, that are expected to help the organization improve efficiency.

HP Advisors

NGOs face many challenges, but some of the most significant relate to a lack of access to senior management counsel and expertise. The HP Advisors Program bridges this gap by pairing seasoned HP professionals with social entrepreneurs. Working through the Schwab Foundation for Social Entrepreneurship and Global Health Corps, HP supports NGOs that have demonstrated the ability to drive social change but require access to professional business skills to reach their goals.

Employee giving

The Hewlett-Packard Company Foundation provides employees in the United States with one-to-one cash matching for gifts to qualified nonprofit organizations, up to $1,000 USD per employee, per fiscal year.[8] In 2012, HP employees in the United States pledged cash donations totaling $4.2 million USD, with a respective match of $3.5 million from the Hewlett-Packard Company Foundation.

In addition, U.S. employees can donate HP technology to qualified charitable organizations or schools. Employees contribute 25% of the product list price, up to $5,000 USD, and HP contributes the remaining amount. In 2012, HP and its employees in the United States donated products worth approximately $4.7 million USD. Since 2008, HP and employees have donated products valued at approximately $34.9 million USD.

Disaster relief

In 2012, HP employees, HP, and the Hewlett-Packard Company Foundation donated money, equipment, and expertise in response to natural disasters, including ongoing help to tsunami victims in Japan. Each month, HP Japan organizes a four-day trip to a central hub city where employee volunteers are dispatched to small coastal fishing towns to work on a variety of projects, such as picking up debris, cleaning houses, and unclogging roadways. In Shinono-me, HP employees teach residents who lost their homes basic IT skills, such as how to use the Internet to connect with relatives, discover new interests, and stay up to date with current events. They also teach residents valuable job-search skills. As of September 2012, more than 200 HP Japan employees have participated, donating more than 3,000 volunteer hours. See video.

Dave Bruscino

HP employee since 2007

In addition to his role as HP's vice president and deputy general counsel, Dave Bruscino devotes time to the company's pro bono legal program. Yet, in early 2012, he felt he had more to give, so he applied to the HP Advisors Program.

The program helps address pressing social issues by pairing leading nongovernmental organizations (NGOs) with seasoned HP professionals who impart their business skills and experience to help the NGOs achieve their goals.

Dave, who is fluent in Spanish and Portuguese and recently relocated to Palo Alto, California, after working for more than a decade in Latin America, Asia, and Europe, jumped at the chance to partner with an Argentinean NGO. "I had lived and worked in Latin America, so the opportunity to work with an impactful organization in that part of the world was very exciting," he says. Soon he was in Buenos Aires with Marcela Benitez, founder and executive director of the NGO Responde.

Since it was established in 1999, Responde has helped small rural villages develop social and economic projects that according to the organization have enabled tens of thousands of villagers to stay in their communities. The mass exodus of native populations from small towns over the past few decades has severely impacted Argentina's cultural and historical heritage and exacerbated the problems caused by rapid population growth in large cities while contributing to environmental degradation.

"We spent an entire day together and Marcela shared the history of Responde, what their key projects and challenges are, and the vision for the organization," Dave explains.

Regular conversations and follow-up face-to-face meetings with Marcela followed. Dave helped her create a strategic plan to pursue her long-term goals—between now and 2021 the organization intends to expand to 500 rural villages (up from 85) and potentially to regions beyond Argentina. He continues to work with her on a variety of organizational and operational matters. He has acted as a sounding board, one who understands the challenges of an entrepreneur.

"I can't say enough about Dave," says Marcela. "Having the ongoing advice of a business expert is so wonderful."

Dave says he feels privileged to have been a part of the program: "It has given me an opportunity to use experience I've gained over the years in a really meaningful way and to continue to develop leadership and general business management skills that are important for my career at HP."

[8] Excluding disaster relief cash matching.

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Christian Pobre

HP employee since 2006

For Christian Pobre, an HP service delivery manager based in Taguig City, the Philippines, global citizenship means investing time and effort to help his local community. Since 2008, he's taken a leading role in volunteer initiatives through Inspire@HP, a company employee group in that country focused on a range of social and environmental activities. Thanks in part to his commitment, HP has become an active contributor to community building in that area.

"I've always felt that I wanted to help those in need, especially since I live in a developing country," says Christian. "When I learned of this volunteer club called Inspire@HP, I knew I had to join it."

Christian has been making an impact ever since, directing projects and providing guidance in various leadership roles. Inspire@HP volunteers have helped with everything from flood relief operations to tree plantings. But Christian says two initiatives stand out in his mind.

The first involved a series of activities in partnership with an affordable housing NGO in Manila. The project began as a volunteer house-building effort and grew to incorporate the donation of dozens of houses through support from HP.

Team members continued their commitment to the community and organized a medical mission to provide residents with free basic medical assistance and then waste management and livelihood training in partnership with two local organizations. The training courses triggered the creation of a local cooperative that now makes products such as soap and dishwashing liquid.

The second initiative, called the Computer Lab SWAT event, helped public schools keep their computers working well. Says Christian: "We sent volunteers with skills in troubleshooting hardware and software problems to public schools to repair broken computers. They helped restore dozens of computers—it was as if we donated them brand new."

Christian says his volunteer events have become so successful that whenever he sends out a call to HP employees for help, the slots fill up in a matter of minutes, with hundreds on the waitlist. Christian finds this truly inspiring. "Seeing the results of the work we do," he says, "always motivates me to work even harder."

Below are the approximate values of cash and product contributions from HP employees, HP, and the Hewlett-Packard Company Foundation in response to 2012 disasters:[9]

2012 donations for disaster relief [$ USD]	2012*
American Red Cross Annual Disaster Giving Program (including international and domestic fund programs)	$500,000
Hurricane Sandy (United States)	$650,000
Northern Colorado, United States Wildfires (including matching funds)	$87,600
Philippines flooding	$25,000
Philippines Typhoon Washi	$25,000
Thailand Southeast Asia flooding	$618,000
Turkey earthquake	$50,000

* The totals shown in this table represent the total donation per disaster and may span fiscal years.

Performance

HP addresses critical social needs through a powerful union of innovation and collaboration, measuring our progress by the positive impact of our programs. The insights we gain through these metrics help us strengthen our programs. In past years, we tracked the total amount invested by HP in our programs. In 2011, we also began using metrics to measure:

- **Social impact** We measure how many people and places we impacted through our programs.
- **Business impact** We measure how our programs impact our competitive advantage and reputation.
- **Operational excellence** We track how many employees support our programs and completion of milestones.
- **Financial impact** We track total investment by HP and funding by partners in support of our programs.

The total value of our social investments, including contributions from the Hewlett-Packard Company Foundation and HP plus the valuation of employee volunteer hours, was $118.6 million USD in 2012.

[9] Figures are for the 2012 calendar year.

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Social investments, 2008–2012* [$ million USD]

	2008	2009	2010	2011	2012
Overall					
Total	$52.5**	$56.1	$44.9**	$51.5	$118.6
Percentage of pretax profits	0.50%	0.60%	0.41%	0.57%	N/A***
Type					
Cash	$24.9	$21.1	$27.3	$20.3	$22.3
Products and services****	$27.5	$35.0	$17.7	$31.2	$96.3

* Social investments include all grants made to nonprofit organizations from the HP Company and the Hewlett-Packard Company Foundation, plus the valuation of employee volunteer hours. Data exclude contributions to the Hewlett-Packard Company Foundation and employee donations but include HP's matching contributions and contributions from the Hewlett-Packard Company Foundation to other organizations. Prior to 2010, HP did not report contributions from the Hewlett-Packard Company Foundation to other organizations as a part of these data. All years represented in this chart have been updated to reflect these contributions.

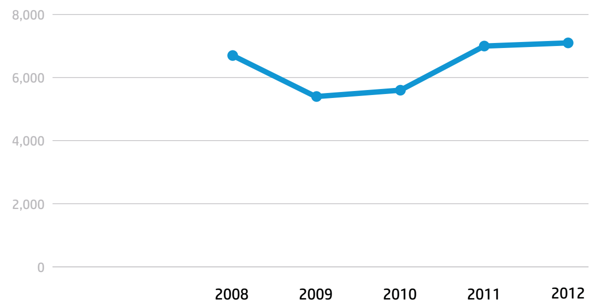
** Due to rounding of this total, the sum of the constituent parts of this figure listed under the types of investments below does not match this figure.

*** In FY2012, HP recorded a net loss, therefore a percentage of pretax profits cannot be calculated.

**** Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed. Beginning in 2010, services includes the valuation of HP employee volunteer hours. Valuation rates are based on CECP standards. The number in 2012 is considerably higher than 2011 due to increased employee programs and more complete volunteer hour data.

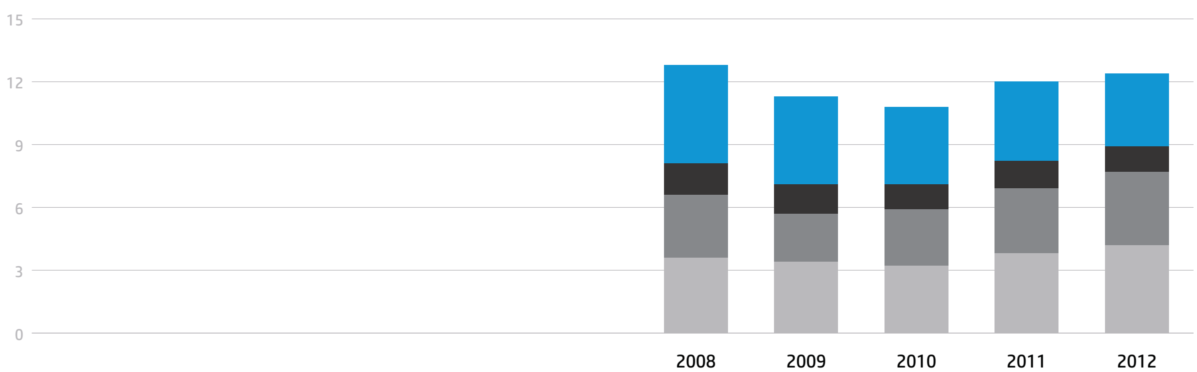
We currently report employee volunteerism and contributions data for U.S. employees only.

Participation in the HP U.S. Employee Cash Giving Program, 2008–2012 [number of employees]



	2008	2009	2010	2011	2012
Participation in the HP U.S. Employee Cash Giving Program	6,700	5,400	5,600	7,000	7,100

Cash and products donated by employees and HP and Hewlett-Packard Company Foundation matched funds [$ million USD]



	2008	2009	2010	2011	2012
Cash donated by U.S. employees*	$3.6	$3.4	$3.2	$3.8	$4.2M
Cash from Hewlett-Packard Company Foundation matched funds*	$3.0	$2.3	$2.7	$3.1	$3.5M
Value of products donate by U.S. employees**	$1.5	$1.4	$1.2	$1.3	$1.2M
Value of products from matched funds**	$4.7	$4.2	$3.7	$3.8	$3.5M
Total	**$12.8**	**$11.3**	**$10.8**	**$12.0**	**$12.4**

* Figures reflect the cash donations pledged by HP employees and the respective match from the Hewlett-Packard Company Foundation in each fiscal year. Variances to actuals can occur based on attrition. Fiscal year totals also vary based on the payment cycle completing after the fiscal year end. Does not reflect donations made to disaster relief efforts.

** Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed.

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Economic impacts

HP contributes to economies worldwide. Our full economic impact results from both our financial transactions and the value we create across the wider economy:

- Direct impacts include customer sales as well as employee salaries, supplier and tax payments, shareholder dividends, and social investments.
- Indirect impacts occur when the money we spend circulates through the economy, for example when employees, suppliers, and investors spend their earnings from HP. In addition, HP products and solutions may help make businesses and other organizations more efficient and profitable.

Performance in fiscal year 2012

The table below summarizes our direct and indirect economic impacts on our main stakeholder groups during fiscal year 2012 (FY12). The Data dashboard: Society on page 130 summarizes HP's economic performance. For more details, please see our financial statements, interactive stock chart, and annual report and 10-K.

Group	Direct economic impacts in FY12	Indirect economic impacts in FY12
Suppliers	HP made purchases from more than 1,000 production suppliers (defined as suppliers that provide materials for our products) and tens of thousands of nonproduction suppliers worldwide.	Our spending continued to support employment in supplier companies. Suppliers and their workers in turn pay taxes and support local economies, and suppliers may pay dividends to their investors.
Employees	HP provided compensation and benefits to approximately 331,800 employees worldwide.*	HP's employees pay taxes and generate further economic activity by spending some of the money they earn.
Customers	HP's net revenue was $120 billion USD.	We continued to help customers improve productivity and reduce their environmental impact by offering reliable, high-quality products and services. For business customers, this may increase the jobs they create and taxes they pay. Customers can save money through improved energy efficiency of our products and services.
Sales, marketing, and distribution partners	HP helped create business for sales and service partners worldwide.	Our partners' commercial relationships with HP can contribute to their growth.
Local, state, and national governments	HP paid net cash income taxes of $1.75 billion USD.	Taxes paid help enable government spending and programs.
Investors	HP paid $1.015 million USD in dividends to shareholders.	Investors may pay taxes on dividends.

* As of October 31, 2012.

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Data dashboard: Society[1]

Public policy	2008	2009	2010	2011	2012
Contributions to U.S. state and local candidates, political memberships/sponsorships, and ballot measure campaigns [$ USD]	$1,035,650	$1,052,400	$1,284,900	$1,136,447	$1,422,375
HP Political Action Committee contributions* [$ USD]	$219,600	$260,000	$378,000	$542,200	$529,450

* Reflects combined HP Political Action Committee and legacy EDS Political Action Committee contributions. Includes minimal operating expenditures.

Supply chain responsibility	2008	2009	2010	2011	2012
Suppliers engaged in SER program [total, cumulative]	630	720	879	907	958
SER audits conducted* [total, cumulative]	486	591	681	764	893
Initial audits	235	260	293	330	398
Follow-up audits	221	292	320	340	379
Full re-audits	30	39	68	94	116
Audit findings (See Detailed audit findings on page 88)					
Suppliers engaged in capability building [total, cumulative]	55	68	80	126	216
Production supplier GHG emissions performance ** **(estimated)**					
Aggregated first-tier production suppliers' Scope 1 direct and Scope 2 indirect emissions [tonnes CO_2e]	4,100,000	3,500,000	4,500,000	3,500,000	
Coverage [% of first-tier supplier spend captured]	86%	91%	95%	95%	
Aggregated production supplier Scope 3 indirect emissions*** [tonnes CO_2e]				3,100,000	
Coverage [% of first-tier production supplier spend reporting Scope 3 emissions]				48%	
Production supplier GHG emissions intensity [tonnes CO_2e/first-tier production supplier spend, 2007 = 100%])	96%	96%	88%	76%	
Nonproduction supplier GHG emissions performance ****					
Aggregated first-tier nonproduction suppliers' Scope 1 direct and Scope 2 indirect emissions [tonnes CO_2]				480,000	
Coverage [percentage of first-tier supplier spend captured]				51%	
Supplier water consumption†					
Aggregated water withdrawn for use [cubic meters]				28,000,000	
Coverage [% of first-tier supplier spend captured]				38%	
Companies with company-wide water strategies, plans, or policies [% of first-tier supplier spend captured]				38%	

continued

[1] Some segments do not add up to total due to rounding.

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Supply chain responsibility	2008	2009	2010	2011	2012
HP's spend with diverse suppliers					
U.S. purchasing with small businesses†† [$ million USD]	$3,365	$3,691	$4,316	$4,400	$4,792
U.S. purchasing with minority-owned businesses††, ††† [$ million USD]			$827	$733	$989
U.S. purchasing with women-owned businesses††, ††† [$ million USD]			$861	$476	$547
Strategic supplier spend on small, minority, woman, veteran, and service disabled-veteran owned business enterprises†††† [$ million USD]				$318	$498

* Data for past years may differ from previous reports because HP receives the details of some audits after the Global Citizenship Report publication deadline. Includes production suppliers only.

** Refers to first-tier suppliers for manufacturing, materials, and components. Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available. 2010 figure for "Production supplier GHG emissions intensity" has been updated to reflect revised supplier revenue data. We continue to report the original number for the purposes of the Carbon Disclosure Project. Previous 2010 figure: 94%.

*** Numbers only take into account Scope 3 categories that suppliers report on. The World Resources Institute defines Scope 1, 2, and 3 GHG emissions in its Greenhouse Gas Protocol; see www.ghgprotocol.org/calculation-tools/faq.

**** Emissions are estimated based on suppliers' emissions and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

† Consumption is estimated based on suppliers' consumption and their dollar volume of HP business compared with their total revenue. The majority of these companies report on a calendar year basis. The year 2011 is the most recent for which data are available.

†† All figures are for U.S. purchases from U.S.-based businesses. Data are for the 12-month period ending September 30 of the year noted. Data beginning in 2009 include HP Enterprise Services (formerly EDS) spending. Data prior to 2009 do not.

††† Beginning in 2011, we did not include combined spend in the minority-owned businesses and women-owned businesses categories, which decreased the total spend compared with the prior year.

†††† Figures include production and nonproduction suppliers. HP considers suppliers strategic based on a number of areas relating to business, engagement, and other macroeconomic indicators. This list is updated annually and never includes more than 100 suppliers.

HP people	2008	2009	2010	2011	2012
Number of HP employees (approximate)*	321,000	304,000	325,000	350,000	331,800
Worldwide workforce demographics-employees** [women as a percentage of total employees]					
Americas	30.8%	35.0%	34.0%	33.3%	33.1%
Asia Pacific and Japan	30.9%	32.5%	33.1%	32.3%	32.6%
Europe, Middle East, and Africa	28.1%	30.0%	30.5%	29.8%	30.0%
Worldwide	30.1%	32.9%	32.9%	32.0%	32.1%
Worldwide workforce demographics-managers** [women as a percentage of total managers]					
Americas	25.2%	28.3%	27.8%	28.7%	30.1%
Asia Pacific and Japan	20.2%	21.2%	21.8%	22.3%	22.2%
Europe, Middle East, and Africa	18.5%	20.0%	19.8%	20.9%	22.4%
Worldwide	22.0%	24.3%	24.1%	24.8%	25.5%
Global new hires, by gender*** [as a percentage of total]					
Female	34.9%	35.6%	35.2%	32.7%	34.6%
Male	65.1%	64.4%	64.8%	67.3%	65.4%

continued

HP people	2008	2009	2010	2011	2012
U.S. workforce demographics (See Diversity and inclusion on page 112 for detailed data)					
U.S. new hires, by ethnicity**** [as a percentage of total]					
White	67.2%	65.0%	61.7%	52.4%	64.8%
All minorities	32.4%	34.5%	34.8%	31.1%	34.9%
Black	8.1%	11.2%	14.5%	7.7%	10.8%
Hispanic	6.9%	7.1%	7.1%	6.7%	7.5%
Asian	15.7%	12.5%	10.5%	14.6%	12.6%
Native American	0.6%	0.7%	0.3%	0.4%	0.3%
Lost workday case rate†					
Global	0.07	0.08	0.10	0.09	0.07
Americas	0.13	0.17	0.16	0.13	0.12
Europe, Middle East, and Africa	0.08	0.04	0.11	0.11	0.08
Asia Pacific and Japan	0.01	0.01	0.02	0.01	0.01
Recordable incidence rate††					
Global	0.31	0.30	0.24	0.22	0.20
Americas	0.66	0.57	0.43	0.41	0.36
Europe, Middle East, and Africa	0.25	0.29	0.18	0.17	0.18
Asia Pacific and Japan	0.05	0.03	0.03	0.02	0.01

* As of October 31 of the year noted. Numbers are rounded.

** 2009 data exclude Brazil.

*** 2009 data exclude Brazil and reflect the time period January 1, 2009, to November 30, 2009.

**** Sum of “White” and “All minorities” does not equal 100%, and the sum of “Black,” “Hispanic,” “Asian,” and “Native American” does not equal the total for “All minorities” because some people do not declare or do not fall into these categories. “White” and “Black” figures for 2011 are markedly lower from other years, as 16.1% of respondents placed themselves in a new “Other” category, which does not allow identification by ethnicity.

† Lost workday case rate is the number of work-related injuries that result in time away from work per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.2. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

†† Recordable incidence rate is the number of all work-related lost-time and no-lost-time cases requiring more than first aid per 100 employees working a full year. Rates are calculated using OSHA definitions for recordability around the globe and using OSHA calculation methodologies. The figures are based on employees working an average of 2,000 hours during a full year. The U.S. average in 2011 for the data processing, hosting, and related services industry was 0.6. Americas includes incidents occurring in Argentina, Brazil, Canada, Colombia, Puerto Rico, and the United States. Europe, Middle East, and Africa includes incidents occurring in Austria, Belgium, Czech Republic, France, Germany, Hungary, Ireland, Israel, Italy, Macedonia, Poland, Slovakia, South Africa, Spain, Switzerland, and the United Kingdom. Asia Pacific and Japan includes incidents occurring in Japan and Singapore.

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Social innovation	2008	2009	2010	2011	2012
Social investments* [$ million USD]	$52.2	$56.1	$44.9	$51.5	$118.6
Cash	$24.9	$21.1	$27.3	$20.3	$22.3
Products and services**	$27.5	$35.0	$17.7	$31.2	$96.3
Social investments [% of pretax profits]	0.50%	0.60%	0.41%	0.57%	N/A***
Participation in the HP U.S. Employee Cash Giving Program [number of employees]	6,700	5,400	5,600	7,000	7,100
Cash and products donated by employees and HP and Hewlett-Packard Company Foundation matched funds**** [$ million USD]	$12.8	$11.3	$10.8	$12.0	$12.4
Cash donated by U.S. employees****	$3.6	$3.4	$3.2	$3.8	$4.2
Cash from Hewlett-Packard Company Foundation matched funds****	$3.0	$2.3	$2.7	$3.1	$3.5
Value of products donated by U.S. employees†	$1.5	$1.4	$1.2	$1.3	$1.2
Value of products from HP matched funds†	$4.7	$4.2	$3.7	$3.8	$3.5

* Social investments include all grants made to nonprofit organizations from the HP Company and the Hewlett-Packard Company Foundation, plus the valuation of employee volunteer hours. Data exclude contributions to the Hewlett-Packard Company Foundation and employee donations but include HP's matching contributions and contributions from the Hewlett-Packard Company Foundation to other organizations. Prior to 2010, HP did not report contributions from the Hewlett-Packard Company Foundation to other organizations as a part of these data. All years represented in this chart have been updated to reflect these contributions.

** Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed. Beginning in 2010, services includes the valuation of HP employee volunteer hours. Valuation rates are based on CECP standards. The number in 2012 is considerably higher than 2011 due to increased employee programs and more complete volunteer hour data.

*** In FY2012, HP recorded a net loss. Therefore, a percentage of pretax profits cannot be calculated.

**** Figures reflect the cash donations pledged by HP employees and the respective match from the Hewlett-Packard Company Foundation in each fiscal year. Variances to actuals can occur based on attrition. Fiscal year totals also vary based on the payment cycle completing after the fiscal year end. Does not reflect donations made to disaster relief efforts.

† Product donations are valued at the Internet list price. This is the price a customer would have paid to purchase the equipment through the HP direct sales channel on the Internet at the time the grant was processed.

Economic impacts	2010	2011	2012
Net revenue [$ million USD]	$126,033	$127,245	$120,357
Net investment in property, plant, and equipment [$ million USD]	$3,531	$3,540	$3,089
Research and development spending [$ million USD]	$2,959	$3,254	$3,399
Number of patents (total, approximate)	37,000	36,000	36,000
401(k) expense* [$ million USD]	$535	$626	$628
Advertising cost (approximate) [$ million USD]	$1,000	$1,200	$1,000
Total dividend payments [$ million USD]	$771	$844	$1,015
Share repurchases [$ million USD]	$11,042	$10,117	$1,619

* HP match and expenses for employee 401(k) retirement accounts.

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About this report

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Overview

This report describes HP's global citizenship policies, programs, and performance through the 2012 fiscal year (which ended October 31, 2012). It provides in-depth information to stakeholders including customers, industry analysts, socially responsible investors, nongovernmental organizations, employees, sustainability specialists, and others. We report yearly on our progress, changes to our business, emerging issues, and our responses to stakeholder feedback. To improve our disclosure, we consider external standards such as the Global Reporting Initiative and the United Nations Global Compact, as well as reporting trends and best practices. We also include perspectives from external experts about our global citizenship efforts.

Our global citizenship website provides summary information for readers seeking a higher-level overview of our approach and performance. Previous reports are available at the downloads page of our global citizenship website.

Reference pages

The pages listed below provide quick access to commonly requested information.

In this report:

- Report of Independent Accountant on page 137
- Data dashboard: Environment on page 67 and Data dashboard: Society on page 130
- Global Reporting Initiative index on page 140
- UN Global Compact index on page 139

On our global citizenship website:

- Affiliations and memberships
- Awards
- EcoSolutions
- Policies and Standards

Scope, dates, and measures

- The information in this report is current as of the date of its initial publication. This report has not been updated to reflect any changes that may have occurred after such date, including, among other things, any changes to HP's business or strategy. HP assumes no obligation and does not intend to update this report to reflect any such changes.
- The information in this report covers all HP operations but does not cover joint ventures.
- All references to years are to HP's fiscal year, which ends October 31, unless otherwise stated.
- All references to dollars are to U.S. dollars (USD).
- "Tonnes" refers to metric tonnes. (One metric tonne is equivalent to 2,205 pounds.)

Metrics and goals

The metrics and goals in this report are established by the HP teams responsible for measuring and achieving them, in consultation with internal, and in some cases external, stakeholders, and taking into account leading practices. This ensures that our metrics provide a meaningful and balanced picture of HP's performance, and that our goals are realistic yet challenging.

Collecting data from hundreds of sites worldwide is complex, and the process can vary by issue, business unit, function, and geography. As a result, it can be difficult to define and implement measures for the entire company. We continue to standardize our measurement systems and metrics. Data are rounded as needed to reflect the appropriate level of certainty.

Reporting performance beyond our immediate operations can also be challenging. For example, we must make assumptions when estimating Scope 3 greenhouse gas emissions, product energy consumption and the resulting GHG emissions, and the percentage of HP products sold that are recycled.

Wherever possible, we describe the context for performance data so readers can understand any limitations and draw appropriate conclusions.

See Data dashboard: Environment on page 67 and Data dashboard: Society on page 130 for more detail.

Your feedback

Your comments and suggestions are important to us. Please provide your feedback on HP's global citizenship performance, website, or report using our online form.

Forward-looking statements

This report contains forward-looking statements that involve risks, uncertainties, and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of HP may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to statements of the plans, strategies, and objectives of management for future operations, including the expected development, implementation, and achievement of environmental, social, and governance policies, goals, and objectives; statements concerning the existing or expected development, performance, addressable market, or market share relating to products or services and the impact of those products and services on global issues, the environment, and other elements of society; statements regarding current or future macroeconomic or market trends and events and the impact of those trends and events on HP and its financial performance; statements about the merits of an investment in HP securities;

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any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties, and assumptions include the need to address the many challenges facing HP's businesses; the competitive pressures faced by HP's businesses; risks associated with executing HP's strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of HP's products and services effectively; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; risks associated with HP's international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by HP and its suppliers, customers, and partners; the hiring and retention of key employees; integration and other risks associated with business combination and investment transactions; the execution, timing, and results of restructuring plans, including estimates and assumptions related to the cost and the anticipated benefits of implementing those plans; the resolution of pending investigations, claims, and disputes; and other risks that are described in HP's filings with the Securities and Exchange Commission, including HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2012. HP assumes no obligation and does not intend to update these forward-looking statements.

Assurance

We believe that obtaining assurance helps demonstrate that the information provided in our Global Citizenship Report describes our performance accurately and completely. Our approach to assurance combines external reviews of selected content, other forms of third-party review, and assessment by HP's Internal Audit group.

External verification

In 2012, HP engaged external assurance provider Ernst & Young (E&Y) to perform an independent review of a selected number of key performance indicators in our 2012 Global Citizenship Report in accordance with AT 101, Statements on Standards for Attestation Engagements, of the American Institute of Certified Public Accountants. We plan to expand the scope of this independent assurance in future years.

For a full listing of the indicators within scope of E&Y's review, please see their Report of Independent Accountant on page 137.

In addition, the following data in this report received external assurance during the year:

- **Product reuse and recycling** In 2012, HP completed our fifth round of reuse and recycling vendor audits under our expanded program guidelines. Our third-party auditing firm, Environmental Resources Management, audited 18 reuse and 13 recycling vendor facilities in 17 countries. Learn more in Vendor audits on page 54.
- **Supply chain responsibility** HP engages third-party audit firms to conduct verification audits of our suppliers. These include suppliers associated with a specific allegation in nongovernmental organization reports. We also use third-party audit findings to validate our internal audit results. Learn more in Our approach on page 76.
- **Financial data** E&Y also provided independent assurance over data included in HP's 2012 Annual Report. Selected data from that document appear in this report. Learn more in HP profile on page 8 and Economic impacts on page 129.

Other external reviews

As part of HP's global ISO 14001 and site OHSAS 18001 registrations, we are assessed by independent, accredited auditors, including Bureau Veritas Certification and BSI Management Systems.

Internal Audit and review

HP Internal Audit assesses risk and evaluates control environments for several operations, including, but not limited to, financial transactions and reporting, systems security, and process flows. Compliance and ethics, privacy, and environment, health, and safety management processes may also be evaluated, depending on the nature of the business operation and the scope of the audit.

In addition, qualified HP professionals conduct internal audits of the environmental, health, and safety management systems at our operations, and we report the results to senior management.

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Report of Independent Accountant

To the Board of Directors and Management of Hewlett-Packard Company

We have reviewed selected quantitative performance indicators (the “Subject Matter”) included in the Schedule of Reviewed Performance Indicators (the “Schedule”) below and as presented in the Hewlett-Packard Company (“HP”) 2012 Global Citizenship Report (the “Report”) for the year ended October 31, 2012. We did not review all information included in the Report. We did not review the narrative sections of the Report, except where they incorporated the Subject Matter. HP management is responsible for the Subject Matter included in the Schedule below and as also presented in the Report, and for selection of the criteria against which the Subject Matter is measured and presented.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included:

- inquiries of persons responsible for the subject matter;
- obtaining an understanding of the data management systems and processes used to generate, aggregate and report the Subject Matter;
- analytical procedures over the accuracy and completeness of the Subject Matter; and,
- performing such other procedures as we considered necessary in the circumstances.

A review is substantially less in scope than an examination, the objective of which is an expression of opinion on the subject matter. Accordingly, we do not express such an opinion.

Nonfinancial information contained within global citizenship reports are subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

Based on our review, nothing came to our attention that caused us to believe that the Subject Matter described above is not presented, in all material respects, in conformity with the relevant criteria as disclosed in the Report.

Ernst + Young LLP

April 10, 2013
San Jose, California

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Hewlett-Packard Company, Inc. schedule of reviewed performance indicators for the year ended October 31, 2012

Indicator Name	Scope	Unit	Reported Value*
Scope 1 greenhouse gas (GHG) emissions	Global	Tonnes of carbon dioxide equivalents (tCO_2e)	246,000
Scope 2 GHG emissions	Global	tCO_2e	1,643,000
Scope 3 GHG emissions**	Global	tCO_2e	76,720,000
Scope 1 energy consumption	Global	Million kWh	379
Scope 2 energy consumption	Global	Million kWh	3,729
Renewable energy consumption	Global	Million kWh	496
Water consumption	Global	cubic meters	8,493,000
Recordable incidence rate***	Global	Number of recordable incidents / 200,000 work hours	0.20
Lost workday case rate***	Global	Number of lost work day injuries / 200,000 work hours	0.07
Identified smelters in HP's supply chain reported to supply conflict minerals****	Global	Number of identified smelters	195
Supply chain social and environmental responsibility (SER) audit program results	Global	Number of SER audits conducted in 2012, by type	Initial audits: 68 Follow-up audits: 39 Full audits: 22
	Global	Distribution of major nonconformances by section of HP's EICC Code†	General: 8% Environment: 9% Health and safety: 31% Labor: 22% Ethics: 10% Environmental, health, and safety management system: 8% Labor and ethics management system: 12%
Total cash donations	Global	$USD million	$22.3

* All indicators are reported for the year ended October 31, 2012, except as otherwise indicated.

** Carbon Accounting Explanations document available at: www.hp.com/globalcitizenship. Scope 3 emissions reported in the 2012 GCR reflect data for the year ended October 31, 2011.

*** Recordable incidents and lost workday case rates are determined at December 1, 2012, for the 2012 fiscal year.

**** The term "conflict minerals" is defined by Section 1502 of the Dodd-Frank Act of the United States Securities and Exchange Commission and includes: tungsten, tantalum, tin, and gold. HP's supplier survey process as described in HP's GCR Report was reviewed with respect to the identification of smelters as of January 31, 2013. The number of known smelters is subject to change as additional information is provided to HP.

† Includes initial audits and full re-audits only; EICC stands for Electronic Industry Citizenship Coalition.

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UN Global Compact index

HP is a signatory to the United Nations Global Compact, a set of voluntary commitments for companies to improve human rights, labor conditions, the environment, and anticorruption controls. Our president and chief executive officer, Meg Whitman, expresses HP's support for the Global Compact in her executive letter. The table below links to the sections of this report that address the Global Compact's 10 principles.

Principle	Information in report
Human rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Human rights on page 73 Supply chain responsibility on page 75 Conflict minerals on page 96 Privacy on page 103 HP people on page 108
Principle 2: make sure that they are not complicit in human rights abuses.	Human rights on page 73 Supply chain responsibility on page 75 Conflict minerals on page 96
Labor standards	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human rights on page 73 Supply chain responsibility on page 75
Principle 4: the elimination of all forms of forced and compulsory labor;	Human rights on page 73 Supply chain responsibility on page 75
Principle 5: the effective abolition of child labor; and	Human rights on page 73 Supply chain responsibility on page 75
Principle 6: the elimination of discrimination with respect to employment and occupation.	Human rights on page 73 Supply chain responsibility on page 75 Diversity and inclusion on page 112
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Materials on page 41
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environmental sustainability on page 27 Products and solutions on page 35 Product return and recycling on page 50 HP operations on page 55 Supply chain responsibility on page 75
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Products and solutions on page 35 HP operations on page 55
Anticorruption	
Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.	Anticorruption on page 21 Supply chain responsibility on page 75

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Global Reporting Initiative index

We considered the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) when preparing this report. HP self-declares this report to GRI Application Level B+, as stated in the table below.

GRI Guidelines Application Level	C	C+	B	B+	A	A+
Self-declared				X		

Key	
■	Full coverage
◪	Partial coverage
□	No coverage

GRI guideline		Coverage	Location
Vision and strategy			
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	■	Letter from CEO Meg Whitman on page 4
1.2	Description of key impacts, risks, and opportunities.	■	Global citizenship strategy on page 10 Performance and challenges are described throughout the report.
Organizational profile			
2.1	Name of the organization.	■	HP profile on page 8
2.2	Primary brands, products, and/or services.	■	HP profile on page 8
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	■	HP profile on page 8 HP Annual Report
2.4	Location of organization's headquarters.	■	HP profile on page 8
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	■	See a list of HP's major operations in our 2012 Annual Report (page 35). Detailed audit findings on page 88
2.6	Nature of ownership and legal form.	■	HP profile on page 8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	■	HP profile on page 8 HP Annual Report
2.8	Scale of the reporting organization.	■	HP profile on page 8
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	■	HP Annual Report
2.10	Awards received in the reporting period.	■	Awards
Report parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	■	Overview on page 135
3.2	Date of most recent previous report (if any).	■	June 2012
3.3	Reporting cycle (annual, biennial, etc.).	■	Overview on page 135
3.4	Contact point for questions regarding the report or its contents	■	Feedback
3.5	Process for defining report content.	■	Global citizenship strategy on page 10 Overview on page 135
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	■	HP operations on page 55 Detailed audit findings on page 88 Overview on page 135

GRI guideline		Coverage	Location
3.7	State any specific limitations on the scope or boundary of the report.	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Overview on page 135
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	■	Overview on page 135
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Noted in relevant sections as appropriate
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Noted in relevant sections as appropriate
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	■	Data dashboard: Environment on page 67 Data dashboard: Society on page 130 Noted in relevant sections as appropriate
3.12	Table identifying the location of the standard disclosures in the report.	■	Global Reporting Initiative index on page 140
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	■	Assurance on page 136
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	■	Global citizenship governance on page 13 Ethics and compliance on page 19 Corporate governance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	■	Corporate governance
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or nonexecutive members.	■	Corporate governance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	■	Contact the board
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	■	Corporate governance guidelines
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	■	Corporate governance guidelines
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	■	Corporate governance guidelines
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	■	Policies and standards on page 25
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed upon standards, codes of conduct, and principles.	■	Global citizenship governance on page 13 Ethics and compliance on page 19 HP's approach to supply chain responsibility

GRI guideline		Coverage	Location
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	■	Corporate governance guidelines
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	■	Materials on page 41
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	■	Management and compliance on page 57 Supply chain responsibility on page 75 Health and safety on page 116 UN Global Compact index on page 139
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	■	Affiliations and memberships on page 16
4.14	List of stakeholder groups engaged by the organization.	■	Stakeholder engagement on page 14
4.15	Basis for identification and selection of stakeholders with whom to engage.	■	Stakeholder engagement on page 14
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	■	Stakeholder engagement on page 14
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	■	Stakeholder engagement on page 14
Performance: economic			
	Disclosures on management approach.	■	Economic impacts on page 129
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. (Core)	■	Data dashboard: Society on page 130
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)	■	HP operations on page 55 We report this information yearly through the CDP
EC3	Coverage of the organization's defined benefit plan obligations. (Core)	■	HP Annual Report
EC4	Significant financial assistance received from government. (Core)	□	
EC5	Range of ratios of standard entry-level wage compared with local minimum wage at significant locations of operation. (Additional)	□	
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. (Core)	⬒	Supplier diversity on page 98 In fiscal year 2012, HP spent approximately $1 billion USD with local nonproduction suppliers in the United States.*
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)	□	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)	■	Social innovation on page 120
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)	⬒	Economic impacts on page 129

*In this case, HP defines "local suppliers" as suppliers with a corporate office located within the same city as a significant HP facility. "Nonproduction suppliers" refers to suppliers that provide goods and services that do not go into the production of HP products, excluding logistics service providers (LSPs).

Performance: environmental

Contents

GRI guideline		Coverage	Location
	Disclosures on management approach.	■	Environmental sustainability on page 27 Products and solutions on page 35 Product return and recycling on page 50 Management and compliance on page 57 Supply chain responsibility on page 75
EN1	Materials used by weight or volume. (Core)	■	Paper on page 32 Materials on page 41 Packaging on page 44
EN2	Percentage of materials used that are recycled input materials. (Core)	◪	Paper on page 32 Materials on page 41
EN3	Direct energy consumption by primary energy source. (Core)	■	Data dashboard: Environment on page 67
EN4	Indirect energy consumption by primary source. (Core)	■	Data dashboard: Environment on page 67
EN5	Energy saved due to conservation and efficiency improvements. (Additional)	◪	Energy and GHG emissions on page 57
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)	■	Use on page 46
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)	■	Energy efficiency on page 58
EN8	Total water withdrawal by source. (Core)	◪	Water on page 63
EN9	Water sources significantly affected by withdrawal of water. (Additional)	◪	Water on page 63
EN10	Percentage and total volume of water recycled and reused. (Additional)	□	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. (Core)	◪	Remediation on page 65
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)	◪	Remediation on page 65
EN13	Habitats protected or restored. (Additional)	□	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)	◪	Remediation on page 65
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)	□	
EN16	Total direct and indirect greenhouse gas emissions by weight. (Core)	■	Energy and climate on page 29 Data dashboard: Environment on page 67
EN17	Other relevant indirect greenhouse gas emissions by weight. (Core)	■	Energy and climate on page 29 Data dashboard: Environment on page 67
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)	■	Energy and climate on page 29 Transport on page 45 Use on page 46 Energy efficiency on page 58 Renewable energy on page 60 Travel on page 60 Environmental impacts on page 81
EN19	Emissions of ozone-depleting substances by weight. (Core)	■	Ozone-depleting substances on page 65
EN20	NOx, SOx, and other significant air emissions by type and weight. (Core)	◪	HP does not report on this indicator because its emissions in this area are insignificant given our current operations.
EN21	Total water discharge by quality and destination. (Core)	■	Data dashboard: Environment on page 67

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GRI guideline		Coverage	Location
EN22	Total weight of waste by type and disposal method. (Core)	■	Waste and recycling on page 61
EN23	Total number and volume of significant spills. (Core)	■	Remediation on page 65
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)	□	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. (Additional)	□	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)	■	Paper on page 32 Products and solutions on page 35 Product return and recycling on page 50
EN27	Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	■	Product return and recycling on page 50
EN28	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations. (Core)	□	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. (Additional)	■	Transport on page 45 Travel on page 60
EN30	Total environmental protection expenditures and investments by type. (Additional)	□	
Performance: labor practices and decent work			
	Disclosures on management approach.	■	Human rights on page 73 Supply chain responsibility on page 75 HP people on page 108 Diversity and inclusion on page 112 Health and safety on page 116
LA1	Total workforce by employment type, employment contract, and region. (Core)	⬒	HP people on page 108
LA2	Total number and rate of employee turnover by age group, gender, and region. (Core)	□	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)	⬒	Rewards and benefits on page 114
LA4	Percentage of employees covered by collective bargaining agreements. (Core)	□	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)	□	
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. (Additional)	□	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)	■	Health and safety on page 116
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)	⬒	Health and safety on page 116
LA9	Health and safety topics covered in formal agreements with trade unions. (Additional)	□	
LA10	Average hours of training per year per employee by employee category. (Core)	⬒	Building careers on page 110

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GRI guideline		Coverage	Location
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)	◧	Building careers on page 110
LA12	Percentage of employees receiving regular performance and career development reviews. (Additional)	■	Building careers on page 110
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	■	Diversity and inclusion on page 112
LA14	Ratio of basic salary of men to women by employee category. (Core)	□	
Performance: human rights			
	Disclosures on management approach.	■	Human rights on page 73 Supply chain responsibility on page 75
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. (Core)	□	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	■	Supply chain responsibility on page 75 Summary audit results on page 84 Detailed audit findings on page 88
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (Additional)	□	
HR4	Total number of incidents of discrimination and actions taken. (Core)	◧	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)	■	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	■	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor. (Core)	■	Supply chain responsibility on page 75 Detailed audit findings on page 88
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. (Additional)	□	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)	□	
Performance: society			
	Disclosures on management approach.	■	Corporate ethics on page 18 Public policy on page 22 Management and compliance on page 57
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)	◧	HP operations on page 55
SO2	Percentage and total number of business units analyzed for risks related to corruption. (Core)	□	
SO3	Percentage of employees trained in organization's anticorruption policies and procedures. (Core)	■	Anticorruption on page 21
SO4	Actions taken in response to incidents of corruption. (Core)	□	
SO5	Public policy positions and participation in public policy development and lobbying. (Core)	■	Public policy on page 22
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	■	Public policy on page 22

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GRI guideline		Coverage	Location
SO7	Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes. (Additional)	☐	
SO8	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with laws and regulations. (Core)	☐	
Performance: product responsibility			
	Disclosures on management approach.	■	Products and solutions on page 35 Product return and recycling on page 50 Privacy on page 103
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)	■	Paper on page 32 Products and solutions on page 35 Life cycle assessment on page 37 Research and development on page 38 Design on page 39 Materials on page 41 Packaging on page 44 Transport on page 45 Product return and recycling on page 50 Environmental impacts on page 81
PR2	Total number of incidents of noncompliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. (Additional)	☐	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	◩	Products and solutions on page 35 HP provides a wide range of information related to many of its products, including material safety data sheets (MSDS), eco declarations, Energy Star and eco labels information, technical regulations and certificates, and product disassembly instructions for recyclers.
PR4	Total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes. (Additional)	☐	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)	☐	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	◩	HP's Standards of Business Conduct and corporate guidelines set expectations regarding its advertising practices. These resources require that advertisements and marketing collateral be fair, factual, and complete. Advertising claims must be formally substantiated with current factual data before publishing. HP sells its products in compliance with laws in the jurisdictions in which it does business.
PR7	Total number of incidents of noncompliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. (Additional)	☐	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (Additional)	☐	
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. (Core)	☐	

EXHIBIT J

News release

HP Completes $13.9 Billion Acquisition of EDS

Combination provides one of the broadest portfolios of products and services in the industry

PALO ALTO, Calif., Aug. 26, 2008

HP today announced that it has completed its acquisition of Electronic Data Systems Corporation (EDS), creating a leading force in technology services.

With this acquisition, initially announced on May 13 and valued at an enterprise value of approximately $13.9 billion, HP has one of the technology industry's broadest portfolios of products, services and end-to-end solutions. The combined offerings are focused on helping clients accelerate growth, mitigate risks and lower costs.

The acquisition is, by value, the largest in the IT services sector and the second largest in the technology industry, following HP's acquisition of Compaq, which closed in 2002. The companies' collective services businesses, as of the end of each company's 2007 fiscal year, had annual revenues of more than $38 billion and 210,000 employees, operating in more than 80 countries.

"This is a historic day for HP and EDS and for the clients we serve," said Mark Hurd, HP chairman and chief executive officer. "Independently, each company is a respected industry leader. Together, we are a global leader, with the capability to serve our clients - whatever their size, location or sector - with one of the most comprehensive and competitive portfolios in the industry."

As a business group, EDS, an HP company, will be one of the market's leading outsourcing services providers - with the ability to provide complete lifecycle capabilities in health care, government, manufacturing, financial services, energy, transportation, consumer & retail, communications, and media & entertainment. As previously announced, the group is led by Ron Rittenmeyer, president and chief executive officer, who had served as EDS' chairman, president and CEO. It remains based in Plano, Texas.

"Today marks the beginning of an exciting new era," said Rittenmeyer. "Clients will benefit from the breadth and depth of our solutions, our commitment to unsurpassed quality and our ability to provide truly global service delivery. With the resources of HP's renowned R&D and world-class technologies, we have an opportunity to truly redefine the technology services market."

HP's Technology Solutions Group (TSG) will shift to EDS its outsourcing services operations, as well as portions of its consulting and integration activities. TSG will focus on servers, storage, software and technology services, such as installing, maintaining and designing technology systems for customers, as well as certain consulting and integration services.

"Clients will benefit from the combined scale and strength of our companies as they transform their technology environments," said Ann Livermore, executive vice president, TSG, HP. "This is an important step forward in our ability to help them solve their challenges through practical innovations that deliver valuable business outcomes."

New EDS leadership team

Rittenmeyer announced his leadership team for the new business group, representing a mixture of existing EDS direct reports, as well as new appointments from within EDS and HP. His direct reports are:

are:

- Michael Coomer, 55, senior vice president, Asia Pacific & Japan, who held a similar role at EDS.
- Joe Eazor, 46, senior vice president, Transformation. He was previously responsible at EDS for corporate strategy and business development.
- Bobby Grisham, 54, senior vice president, Global Sales, who held a similar role at EDS.
- Jeff Kelly, 52, senior vice president, Americas, who held a similar role at EDS.
- Mike Koehler, 41, senior vice president, Infrastructure Technology Outsourcing (ITO) & Business Process Outsourcing (BPO), who held a similar role at EDS.
- Andy Mattes, 47, senior vice president, Applications Services. He was previously senior vice president, HP Outsourcing Services.
- Maureen McCaffrey, 45, vice president, Worldwide Marketing, who held a similar role at EDS.
- Dennis Stolkey, 60, senior vice president, U.S. Public Sector, who held a similar role at EDS.
- Bill Thomas, 48, senior vice president, Europe, Middle East & Africa, who held a similar role at EDS.

In addition, functional support will be provided by the following individuals, who will report into global functions at HP, consistent with the company's organizational model. They are:

- Craig Flower, 46, senior vice president of IT, reporting to Randy Mott, executive vice president and chief information officer at HP. Flower was previously HP's senior vice president for eBusiness, customer and sales operations.
- Tom Haubenstricker, 46, vice president, Finance, reporting to Cathie Lesjak, executive vice president and chief financial officer at HP. Haubenstricker was previously vice president and chief financial officer for EDS' EMEA region.
- Deborah Kerr, 36, vice president and chief technology officer, reporting to Shane Robison, executive vice president and chief strategy and technology officer at HP. Kerr was previously HP's vice president and chief technology officer for services.
- Mike Paolucci, 48, vice president, Human Resources, reporting to Marcela Perez de Alonso, executive vice president of Human Resources at HP. Paolucci was previously EDS' vice president of Global Compensation and Benefits/HR Business Development.
- Sylvia Steinheiser, 43, vice president, Legal, reporting to Mike Holston, executive vice president, general counsel and secretary at HP. Steinheiser was previously HP's vice president, Legal, for the Americas.

Securities analyst meeting

HP will hold a live video webcast of its upcoming Sept. 15 Securities Analyst Meeting, at which Mark Hurd and other executive members will discuss HP's opportunities in the enterprise market, including EDS.

The webcast will be available at http://www.hp.com/investor/focusSAM2008.

About HP

HP, the world's largest technology company, provides printing and personal computing products and IT services, software and solutions that simplify the technology experience for consumers and businesses. HP completed its acquisition of EDS on Aug. 26, 2008. More information about HP (NYSE: HPQ) is available at http://www.hp.com.

This new s release contains forw ard-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of HP and its consolidated subsidiaries could differ materially from those expressed or implied by such forw ard-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forw ard-looking statements, including the expected benefits and costs of the transaction; management plans relating to the transaction; any statements concerning expected development, performance or market share relating to products and services; anticipated operational and financial results; any statements of expectation or belief; and any

statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the possibility that expected benefits may not materialize as expected; the achievement of expected results; and other risks that are described in HP's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2008 and HP's other filings w ith the Securities and Exchange Commission, including but not limited to HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2007. HP assumes no obligation and does not intend to update these forw ard-looking statements.

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EXHIBIT K

News release

HP to Acquire EDS for $13.9 Billion

- EDS shareholders to receive $25.00 per share in cash for each EDS share
- Transaction expected to more than double HP's revenue from services, furthering its standing as world's largest technology company

PALO ALTO, Calif., and PLANO, Texas, May 13, 2008

Related Links
» View the online press kit

HP and EDS today announced that they have signed a definitive agreement under which HP will purchase EDS at a price of $25.00 per share, or an enterprise value of approximately $13.9 billion. The terms of the transaction have been unanimously approved by the HP and EDS boards of directors.

The transaction is expected to close in the second half of calendar year 2008 and to more than double HP's services revenue, which amounted to $16.6 billion in fiscal 2007. The companies' collective services businesses, as of the end of each company's 2007 fiscal year, had annual revenues of more than $38 billion and 210,000 employees, doing business in more than 80 countries.

HP intends to establish a new business group, to be branded EDS - an HP company, which will be headquartered at EDS's existing executive offices in Plano, Texas. HP plans that EDS will continue to be led after the deal closes by EDS Chairman, President and Chief Executive Officer Ronald A. Rittenmeyer, who will join HP's executive council and report to Mark Hurd, HP chairman and chief executive officer.

HP anticipates that the transaction will be accretive to fiscal 2009 non-GAAP earnings and accretive to 2010 GAAP earnings. Significant synergies are expected as a result of the combination.

"The combination of HP and EDS will create a leading force in global IT services," said Hurd. "Together, we will be a stronger business partner, delivering customers the broadest, most competitive portfolio of products and services in the industry. This reinforces our commitment to help customers manage and transform their technology to achieve better results."

Rittenmeyer said, "First and foremost, this is a great transaction for our stockholders, providing tremendous value in the form of a significant premium to our stock price. It's also beneficial to our customers, as the combination of our two global companies and the collective skills of our employees will drive innovation and enhance value for them in a wide range of industries. In addition, our Agility Alliance will be significantly strengthened."

Acquiring EDS advances HP's stated objective of strengthening its services business. The specific service offerings delivered by the combined companies are: IT outsourcing, including data center services, workplace services, networking services and managed security; business process outsourcing, including health claims, financial processing, CRM and HR outsourcing; applications, including development, modernization and management; consulting and integration; and technology services. The combination will provide extensive experience in offering solutions to customers in the areas of government, healthcare, manufacturing, financial services, energy, transportation, communications, and consumer industries and retail.

Under the terms of the merger agreement, EDS stockholders will receive $25.00 for each share of EDS common stock that they hold at the closing of the merger. The acquisition is subject to customary closing conditions, including the receipt of domestic and foreign regulatory approvals and the approval of EDS's stockholders.

Audio webcasts

This morning, HP and EDS will jointly conduct two audio webcasts, one with investors and the other with media, to discuss HP's agreement to acquire EDS.

Audio webcast for financial analysts and stockholders: 8 a.m. ET / 5 a.m. PT, hosted by Hurd and Rittenmeyer, at www.hp.com/investor/hpedswebcast.

Audio webcast for media: 9 a.m. ET / 6 a.m. PT, hosted by Hurd and Rittenmeyer, at http://www.hp.com/go/HPtoacquireEDS.

About EDS

EDS (NYSE: EDS) is a leading global technology services company delivering business solutions to its clients. EDS founded the information technology outsourcing industry more than 45 years ago. Today, EDS delivers a broad portfolio of information technology and business process outsourcing services to clients in the manufacturing, financial services, healthcare, communications, energy, transportation, and consumer and retail industries and to governments around the world. Learn more at eds.com.

About HP

HP focuses on simplifying technology experiences for all of its customers - from individual consumers to the largest businesses. With a portfolio that spans printing, personal computing, software, services and IT infrastructure, HP is among the world's largest technology companies, with revenue totaling $107.7 billion for the four fiscal quarters ended Jan. 31, 2008. More information about HP (NYSE: HPQ) is available at http://www.hp.com.

Additional information and where to find it

EDS intends to file with the Securities and Exchange Commission a preliminary proxy statement and a definitive proxy statement and other relevant materials in connection with the merger. The definitive proxy statement will be sent or given to the stockholders of EDS. Before making any voting or investment decision with respect to the merger, investors and stockholders of EDS are urged to read the proxy statement and the other relevant materials when they become available because they will contain important information about the merger. The proxy statement and other relevant materials (when they become available), and any other documents filed by EDS with the SEC, may be obtained free of charge at the SEC's website at www.sec.gov. In addition, investors and stockholders may obtain free copies of the documents filed with the SEC by going to EDS's Investor Relations page on its corporate website at www.eds.com or by directing a request to EDS at 5400 Legacy Drive, Plano, TX 75024 -- Attention: Investor Relations.

Participants in the solicitation

EDS and HP and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from EDS stockholders in connection with the merger. Information about HP's directors and executive officers is set forth in HP's proxy statement on Schedule 14A filed with the SEC on January 29, 2008 and HP's Annual Report on Form 10-K filed on December 18, 2007. Information about EDS's directors and executive officers is set forth in EDS's proxy statement on Schedule 14A filed with the SEC on March 4, 2008 and EDS's Annual Report on Form 10-K filed on February 27, 2008. Additional information regarding the interests of participants in the solicitation of proxies in connection with the merger will be included in the proxy statement that EDS intends to file with the SEC.

Forward-looking statements

This document contains forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of HP and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including the expected benefits and costs of the transaction; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction considering the various closing conditions, including those conditions related to regulatory approvals; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the possibility that expected benefits may not materialize as expected; that the transaction may not be timely completed, if at all; that, prior to the completion of the transaction, EDS's business may not perform as expected due to transaction-related uncertainty or other factors; that the parties are unable to successfully implement integration strategies; and other risks that are described in HP's and EDS's Securities and Exchange Commission reports, including but not limited to the risks described in HP's Annual Report on Form 10-K for its fiscal year ended October 31, 2007 and Quarterly Report on Form 10-Q for the fiscal

quarter ended January 31, 2008 and EDS's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008. HP and EDS assume no obligation and do not intend to update these forw ard-looking statements.

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EXHIBIT L

News release

EDS, an HP Company, Becoming HP Enterprise Services

HP today announced that EDS, an HP company, will become HP Enterprise Services.

PALO ALTO, Calif., Sept. 23, 2009

Related Links
» Services for business & IT

The name change marks the next major step in a year-long integration of EDS into HP and emphasizes the growing global role of enterprise technology services in HP's portfolio.

"Our clients expect us to harness the full power of HP's portfolio to solve their business challenges," said Joe Eazor, senior vice president and general manager, HP Enterprise Services. "Today we are combining the strong services brand equity that EDS has built over the last 47 years with HP's technology leadership to become the leading IT services provider. We will continue to deliver the same service excellence that our clients have come to expect."

To reflect the positive impact the EDS acquisition has made in expanding the breadth and depth of HP capabilities, the Technology Solutions Group will be renamed the HP Enterprise Business. This group is focused on business and government organizations of all sizes. In addition to enterprise services, its portfolio includes servers, storage, software, networking and technology services.

During the third quarter of fiscal year 2009, the HP Enterprise Business accounted for 47 percent of the company's revenue and 60 percent of its non-GAAP operating profit.(1) All HP Enterprise Business units will continue to report to Ann Livermore, executive vice president of HP.

"Customers are facing tough challenges in their technology environments," said Livermore. "Challenges such as a rigid infrastructure, increasing applications and information complexity are restricting the speed in which IT can add value to the business. HP is the best at helping customers manage and transform their technology environments to deliver better business outcomes."

About HP

HP, the world's largest technology company, simplifies the technology experience for consumers and businesses with a portfolio that spans printing, personal computing, software, services and IT infrastructure. More information about HP (NYSE: HPQ) is available at http://www.hp.com/.

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(1) Q309 GAAP operating profit was $2.17 billion. Q309 non-GAAP operating profit was $2.97 billion. Q309 non-GAAP operating profit excludes $800 million of adjustments on a pre-tax basis related primarily to the amortization of purchased intangible assets, restructuring charges and acquisition-related charges. HP's management uses non-GAAP operating profit to evaluate and forecast HP's performance before gains, losses or other charges that are considered by HP's management to be outside of HP's core business segment operating results. HP believes that presenting non-GAAP operating profit in addition to GAAP operating profit provides investors with greater transparency to the information used by HP's management in its financial and operational decision making. HP further believes that providing this additional non-GAAP information helps investors understand HP's operating performance

and evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance. This additional non-GAAP information is not intended to be considered in isolation or as a substitute for GAAP operating profit.

This news release contains forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of HP and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to statements of the plans, strategies and objectives of management for future operations; any statements concerning expected development, performance or market share relating to products and services; any statements regarding anticipated operational and financial results; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include macroeconomic and geopolitical trends and events; the execution and performance of contracts by HP and its customers, suppliers and partners; the achievement of expected operational and financial results; and other risks that are described in HP's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2009 and HP's other filings with the Securities and Exchange Commission, including but not limited to HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2008. HP assumes no obligation and does not intend to update these forward-looking statements.

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Printable version

EXHIBIT M

Press Release: June 01, 2010
Topics: Converged Infrastructure

HP to Invest $1 Billion to Launch New Era of Enterprise Services

Transformation will enhance client experience and apply HP industry-leading technology to the services business

PALO ALTO, Calif. -- HP today announced that it would invest $1 billion in the next generation of its Enterprise Services business.

The transformation, to be built on HP's market-leading technology and software, will benefit clients through new offerings and improved service delivery.

HP will invest in fully automated, standardized, state-of-the-art commercial data centers built on its Converged Infrastructure and operated by its industry-leading management software. Leveraging its experience from its own IT transformation, HP will enable clients to migrate their applications to these modernized infrastructure platforms, allowing them to run their businesses faster and more efficiently.

"Over the past 20 months, we focused on integrating EDS and improving profitability," said Tom Iannotti, senior vice president and general manager, HP Enterprise Services. "Now that the integration is largely complete, we have identified significant opportunities to grow and scale the business. These next-generation services will enable our clients to benefit from the combined technology and services leadership that only HP offers."

This initiative is designed to enhance the client experience and better position Enterprise Services for growth. HP will consolidate Enterprise Services' commercial data centers, management platforms, networks, tools and applications to create a more scalable, modernized and automated IT infrastructure that will better serve its clients' needs. As a result of productivity gains and automation, HP expects to eliminate roughly 9,000 positions over a multiyear period to reinvest for further growth and to increase shareholder value.

To fund this investment, HP will take a charge of approximately $1 billion over a multiyear period that will be included in its GAAP financial results. Once completed, this transformation is expected to generate annualized gross savings of approximately $1 billion and net savings after reinvestment in a range between $500 million and $700 million.

Audio webcast

HP will conduct an audio webcast for financial analysts and stockholders to discuss the Enterprise Services transformation today at 8:30 a.m. ET/5:30 a.m. PT. This meeting will be hosted by Ann Livermore, executive vice president, Enterprise Business, and Cathie Lesjak, executive vice president and chief financial officer. Access the live audio webcast at www.hp.com/investor/ESWebcast.

About HP

HP creates new possibilities for technology to have a meaningful impact on people, businesses, governments and society. The world's largest technology company, HP brings together a portfolio that spans printing, personal computing, software, services and IT infrastructure to solve customer problems. More information about HP (NYSE: HPQ) is available at http://www.hp.com/.

This document contains forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of HP and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including the expected benefits and costs of the transformation of the Enterprise Services business; management plans relating to the transformation and the operation of the Enterprise Services business during and after the completion of the transformation; the expected timing of the completion of the transformation; the ability to complete the transformation considering the various risks and uncertainties associated with its execution; any other statements of the plans, strategies and objectives of management for future operations;

any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the possibility that the expected benefits of the transformation may not materialize as expected; that the transformation may not be timely completed, if at all; that, prior to the completion of the transformation, the Enterprise Services business may not perform as expected due to transformation-related uncertainty or other factors; that HP is unable to successfully execute on the transformation; and other risks that are described in HP's Securities and Exchange Commission reports, including but not limited to the risks described in HP's Annual Report on Form 10-K for its fiscal year ended October 31, 2009 and Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2010. HP assumes no obligation and does not intend to update these forward-looking statements.

For those countries that require consultation with works councils and other employee representatives in relation to the local implementation of any restructuring plans or organizational changes, this document is not intended to provide country-specific information and in no way reflects final decisions at a local level. Where required by law, final decisions will be subject to prior consultation with works councils and other employee representatives.

Editorial contacts:

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Emily Neumann, HP: emily.neumann@hp.com

About HP

HP creates new possibilities for technology to have a meaningful impact on people, businesses, governments and society. The world's largest technology company, HP brings together a portfolio that spans printing, personal computing, software, services and IT infrastructure to solve customer problems. More information about HP (NYSE: HPQ) is available at http://www.hp.com.

EXHIBIT N

Karen E. Ford

From: Karen E. Ford [karen@fordslaw.com]
Sent: Wednesday, July 17, 2013 11:55 AM
To: 'Warner, Adelmise Rosemé'
Subject: depositions Siegel v HP

Hello Adelmise

Based on our recent communications I am not sure what dates are available to conduct the depositions of the witnesses we have discussed. Some time has gone by since you last provided me with such information for witnesses and I am not sure I ever go the information as to attorneys. Please send dates when the witnesses we have requested and any required attorneys are available. I can be available on any date in the rest of July (my case with the conflict on the 24th has resolved). The depositions really need to be taken in July in order to meet the MSJ response deadline. There has to be some time for preparation of transcripts and incorporation of those materials into the response which is due August 6.

As for and witnesses who have only information related to the merits rather than the MSJ I have no conflicts between now and August 13 other than the preparation and filing of the opposition to the MSJ. (Of course that is a time consuming proposition so depositions on the 5th or 6th would be problematic.)

As to witnesses who will be deposed in the UK the location of our venue has changed. They will be deposed in London at

Dickinson Solicitors Ltd
1 Fetter Lane
London,
EC4A 1BR

As I understand it this is only an hour or so from Birmingham and so is not unreasonable for the witnesses who may be located there.

Please let me know what the dates are ASAP so that I can serve amended notices of deposition.

The 30(b)(6) Notice has a related document production. Please let me know how the documents to be produced can be provided before the deposition. If I am conducting by telephone production at the deposition is not realistic.

Thank you.

Karen E. Ford, ESQ
831-250-6433 cell 303-478-5103
karen@fordslaw.com

EXHIBIT O

From: Warner, Adelmise Rosemé [mailto:adelmise.warner@morganlewis.com]
Sent: Wednesday, July 17, 2013 12:54 PM
To: karen@fordslaw.com
Cc: Riechert, Melinda S.
Subject: RE: depositions Siegel v HP

Karen:

Here is the confirmation of the availability for the witnesses (whose availability I had previously provided) that I received from our client:

- John Waterfield is still available on July 30 and August 8. Location: London.
- Yvonne Ben-Fredj is available any time in August with the exception of August 8-9. Location: Birmingham.
- Marion Johnson is still generally free in August. Location: London.

We are waiting to confirm Peter Parry's availability when he returns from vacation next week.

I had already conveyed to you the locations for these depositions, but I am providing that information again. Moreover, as previously discussed, these depositions need to take place during working hours UK time.

Adelmise Rosemé Warner
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Assistant: Kathleen Gregory 415.442.1771 | kgregory@morganlewis.com

EXHIBIT P

From: Karen E. Ford [mailto:karen@fordslaw.com]
Sent: Wednesday, July 17, 2013 1:22 PM
To: 'Warner, Adelmise Rosemé'
Subject: RE: depositions Siegel v HP

The dates you are proposing are all (with the possible exception of July 30) too late to be of any use with respect to the upcoming response to the MSJ due on August 6. Please provide earlier dates in July.

Karen E. Ford, ESQ
831-250-6433 cell 303-478-5103
karen@fordslaw.com

EXHIBIT Q

From: Warner, Adelmise Rosemé [mailto:adelmise.warner@morganlewis.com]
Sent: Thursday, July 18, 2013 4:16 PM
To: karen@fordslaw.com
Cc: Riechert, Melinda S.
Subject: RE: Siegel v HP Depositions

Karen:

Please see below for follow-up availability:

Yvonne's availability remains the same- any day in July except for July 23-26.

Marion Johnson is available any day except for July 29.

Peter Sales's availability is as follows (with deposition to take place in London):

July
Thursday 25th July – Available all day subject to moving appointments
Friday 26 July – As above
Tuesday 30th July – As above
Wednesday 31st July – As above

August

6th, 8th & 9th August – As above
14th 15, & 16th August – As above
20th & 23rd August – As above
27th -30th August –As above

Mr. Sales has limited availability, due to several critical work commitments he has. Please consider serving written discovery to obtain the information you need for Plaintiff, rather than a deposition of Mr. Sales.

Adelmise

Adelmise Rosemé Warner
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EXHIBIT R

Karen E. Ford

From: Karen E. Ford [karen@fordslaw.com]
Sent: Thursday, July 18, 2013 4:01 PM
To: 'Warner, Adelmise Rosemé'
Subject: Siegel v HP Amended Notice of deposition per 30(b)(6) to HP
Attachments: 2013 7 18 Siegel Amended notice of depo HP .pdf

Please see attached notice of deposition. I did my best to work within dates that will work with our deadlines and what you have told me of the witness availability.

I know we have been talking about doing these witnesses in the UK. However, on July 2 you indicated via e mail that these witnesses were also the designated witnesses for the 30(b)(6) deposition notice directed to HP. We had never discussed the location for the 30(b)(6) deposition but normally the deposition of a corporation is taken at its headquarters or principal place of business. *Salter v Upjohn Co.* (1979, CA5 Ala) 593 F2d 649, 27 FR Serv 2d 822; *Custom Form Mfg., Inc. v Omron Corp.* (2000, ND Ind) 196 FRD 333, 47 FR Serv 3d 1214.

As we have discussed, the cost and burdens of trying to do these depositions in the UK are considerable for all counsel. I think that doing them in California makes sense for this reason as well. See eg *Custom Form Mfg., Inc. v Omron Corp*. (2000, ND Ind) 196 FRD 333, 47 FR Serv 3d 1214. (Travel expenses of deponents are not only relevant expenses considered in determining site of deposition; travel expenses of counsel are also relevant.)

I am, as always, willing to discuss changes in location and scheduling in an effort to cooperate. However, as you know, my client and I are facing a deadline in the very near future. The deadline for opposition to the MSJ on August 6 leaves us with few options.

Karen E. Ford, ESQ
831-250-6433 cell 303-478-5103
karen@fordslaw.com
Attorney for Peter Siegel

EXHIBIT S

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SBN 88358
Attorney for Plaintiff Peter Siegel

United States District Court
Northern District of California

Peter Siegel, Plaintiff, vs. Hewlett-Packard Company, Defendant	Case No: 5:12-cv-03787 HRL___________ **AMENDED NOTICE OF DEPOSITION** **Hewlett Packard**

NOTICE OF DEPOSITION

TO: All counsel of record

PLEASE TAKE NOTICE that pursuant to Rule 30 (b)(6) of the Federal Rules of Civil Procedure plaintiff will take the deposition upon oral examination of Defendant Hewlett Packard (HP) before an officer authorized to administer oaths starting at 9:00 AM on July 25, 26, 29, and 30, 2013 at 1000 Aguajito Road, Monterey, CA, 93940. HP has designated the witnesses listed below as its representatives and the persons most knowledgeable as to each of the following matters:

1. The events concerning the acquisition or merger of HP with Electronic Data Systems (EDS) in or about August of 2008. Designated witness Marion Johnson.

2. The integration of former EDS employees into HP or any subsidiary of HP following the acquisition or merger with EDS in or about August of 2008. Designated witness Yvonne Ben Fredj.
3. The control or lack of control by HP concerning the operations of Hewlett Packard Enterprise Services UK Ltd. (HP-UK). As used here "operations" includes but is not limited to human resources policy and administration, financial operations, services provided to customers. Designated witness Yvonne Ben Fredj.
4. HP's global ethics team, global ethics office, global ethics investigations, global human resources, global human resources investigations, global diversity or the activities of same. Designated witness Yvonne Ben Fredj.
5. Policies, plans, programs, benefits, compensation or initiatives which apply to all or multiple companies, subsidiaries, or related entities which are part of, owned by or controlled by HP. Designated witness Yvonne Ben Fredj.
6. The employment, job performance, work assignments, performance evaluation, physical or medical condition and/or termination of employment of Plaintiff Peter Siegel which is the subject of this litigation. Designated witnesses John Waterfield and Peter Parry.
7. Services provided by HP or its subsidiaries and related companies to the customers to which Plaintiff was assigned. Designated witnesses John Waterfield and Peter Parry.
8. The operation of the occupational health program applicable to Plaintiff Siegel's employment which is the subject of this litigation and any events, activities, or consideration concerning Plaintiff Siegel with respect to the occupational health program. Designated witness Yvonne Ben Fredj.
9. Any benefit programs applicable to HP employees in the UK which are also applicable to HP employees in other groups and locations including employees of any other subsidiary of HP. Designated witness Yvonne Ben Fredj.
10. Ownership and/or management structure at Hewlett Packard Enterprise Services and/or Hewlett Packard Enterprise Services UK Ltd. from August 2008 to the present. Designated witness Marion Johnson.

11. Establishment or creation of Hewlett Packard Enterprise Services UK Ltd. Designated witness Marion Johnson.
12. Any request for, or discussion of reassignment or transfer with respect to Plaintiff Siegel. Designated witnesses John Waterfield and Peter Parry.

The testimony of designated witness John Waterfield will take place on July 30. The testimony of designated witness Ben Fredj will take place on July 29. The testimony of designated witness Marion Johnson will take place on July 25, the testimony of witness Peter Parry will take place on July 26. Said deposition will conducted at a time and place to be agreed by the parties, will be recorded by stenographic means, and will continue until it is adjourned. This deposition will be subject to continuance from time to time and place to place until completed. This deposition may be videotaped and Plaintiff provides notice to Defendant and the other parties to this action that the deposition may be used at the time of trial.

Pursuant to Rules 30 and 34 of the Federal Rules of Civil Procedure, HP is requested to produce at deposition, at the time and place set forth above, the materials described in Attachment A hereto.

Dated this 17th day of July, 2013

KE Ford

Karen E. Ford Esq.
Attorney for Plaintiff

EXHIBIT A

DEFINITIONS AND INSTRUCTIONS

1. Pursuant to FRCP Rule 34(b)(2)(E), Plaintiff requests that when Defendant does produce the requested documents, including electronically stored information ("ESI"), Defendant produce such documents (including ESI) as they are kept in the usual course of business or organize and label them to correspond to the categories in the request. All electronic documents or ESI are to be produced in their native applications with all metadata included.
2. To the extent that documents falling within these requests have already been produced by HP as of the time of the deposition, the response may consist of identification of said documents by bates number at least 3 business days in advance of the deposition.
3. Documents and records requested include all documents in any form whatsoever in the possession, custody or control of a person, corporation, partnership or other entity which keeps or supplies records or services for the Defendant.
4. Documents and records requested include all documents in any form whatsoever in the possession, custody or control of any person, corporation, partnership or other entity in which HP has an ownership interest or over which HP exercises any control.
5. Unless otherwise noted with respect to a particular request, the term "HP" as used herein includes Hewlett Packard Company and all subsidiaries, sister entities, predecessors, successors, and/or other organizationally related entities specifically, and without limitation, including Hewlett Packard Enterprise Services UK Ltd, any parent or related companies to Hewlett Packard Enterprise Services UK Ltd, and Electronic Data Systems ("EDS").
6. "Personnel records" refers to any document documents (including ESI) in any form whatsoever in the possession, custody or control of the defendant that is used, has been used, or may be used relative to plaintiff's qualifications for employment, performance evaluation, goal setting, accommodation of limitations or disabilities, occupational health assessment, promotion, transfer, compensation or disciplinary action. Personnel records

include, without limitation, any document documents (including ESI) in any form whatsoever in the possession, custody or control of a person, corporation, partnership or other entity that keeps or supplies records for the Defendant. Without limiting the foregoing, all of the following documents (including ESI) constitute part of the personnel records:

(a) Plaintiff's job application

(b) Plaintiff's resume or other form of employment inquiry

(c) offer of employment, promotion or transfer

(d) Plaintiff's performance evaluations and related documents such as those setting goals for Plaintiff's job performance

(e) documents related to any sick leave, accommodation, request for accommodation, occupational health evaluation or assessment, disability or limitation concerning Plaintiff

(f) documents or ESI concerning any criticism of Plaintiff's job performance or any disciplinary action taken against Plaintiff

(g) awards or other documents or ESI concerning commendations for Plaintiff

(h) waivers or other written agreements between Defendant and Plaintiff

(i) termination notices and letters of rejection.

(j) all polices, rules, and handbooks which were applicable to Plaintiff's employment

7. "Communication" and "communications" means any and all inquiries, discussions, conferences, conversations, negotiations, agreements, meetings, interviews, telephone conversations, letters correspondence, notes, telegrams, facsimiles, electronic mail (email), memoranda, documents, writings, or other forms of communications, including, but not limited to, both oral and written communications.

8. "Copies of" as set forth herein means authentic duplicates of the originals as noted, kept, maintained, and organized by Plaintiff in the ordinary course of business.

9. "Defendant" includes any and all employees of Defendant Hewlett Packard Company (HP) with the clarification set out in paragraph 8 above.

10. "Discussion," "discussions," "discuss," "discusses," "mention," "mentions," "describe," "describes," "analyze" or "analyzes" means any and all inquiries, conferences, conversations, negotiations, agreements or other forms or methods of oral communication or such dialogue sent via e-mail, facsimile, letter, telegram, or other written communication.

11. "Document," "documents," " internal communication," "internal communications," "record," "records," "written communication," "written communication," and "written correspondence" means all data, papers, and books, transcriptions, pictures, drawings or diagrams or every nature, whether transcribed by hand or by some mechanical, electronic, photographic or other means, as well as sound reproductions of oral statements or conversations by whatever means made, including written papers or memoranda which summarize oral conversations, whether in your actual or constructive possession or under your control or not, relating to or pertaining to or in any way to the subject matters in connection which it is used and includes originals, all file copies, all other copies, no matter how prepared and all drafts prepared in connection with such writing, whether used or not, including by way of illustration and not by way of limitation, the following: books; records; reports; contracts; agreements; video, audio and other electronic recordings; memoranda (including written memoranda of telephone conversations, other conversations, discussions, agreements, acts and activities); minutes; diaries; calendars; desk pads; scrapbooks; notes; notebooks; correspondence; drafts; bulletins; electronic mail (e-mail); facsimiles; circulars; forms; pamphlets; notice; statements; journals; postcards; letters; telegrams; publications; inter and intra- office communications; photocopies; microfilm; maps; drawings; diagrams; sketches; analyses; transcripts; electronically stored information (ESI) and any other documents within defendant's possession, custody or control from which information can be obtained or

translated, if necessary, by detection devices into reasonably usable form, i.e. typed in English.

12. “Electronically stored information” and ”ESI” means any information on operational systems including accounting, financial, distribution, or manufacturing systems; E-mail; Instant Messages (IM); Web pages; text messages; cell phone data; Excel spreadsheets and underlying formulae; metadata; computer databases (i.e., Access); erased, fragmented or damaged data; Blackberry data; and anything stored on computer or other electronic means located on or in, but not limited to cache memory; optical disks; magnetic tapes/back-up tapes; magnetic disks (hard drive, floppy disks, etc.); PDAs, Blackberries and Palm Pilots; cell phones; IM tools; or USB drives.
13. The words “or” and “and” shall be read in the conjunctive and not in the disjunctive wherever they appear, and neither of these words shall be interpreted to limit the scope of a request. The use of a verb in any tense shall be construed as the use of the verb in all other tenses and the singular form shall be deemed to include the plural, and vice-versa.
14. The singular form of any noun shall be deemed to include the plural, and vice-versa.
15. “Request,” and “Requests” mean and are limited to the numerical requests set forth in this motion for production of documents.
16. “HP,” “You,” and “Defendant” mean HP, as clarified by paragraph 8 above, and any and all of its agents, representatives, employees, servants, consultants, contractors, subcontractors, investigators, attorneys, and any other persons or entities acting or purporting to act on behalf of HP.
17. The term “Acquisition” as used herein refers to the merger or purchase of EDS by HP in or about August of 2008.
18. The term “Plaintiff” as used herein refers to Plaintiff Peter Siegel.

DOCUMENT REQUESTS

1. Produce all documents and records identified or described in the disclosures by Defendant HP in this matter.

2. Produce all documents and records which relate to the alleged employment of Plaintiff Siegel by Hewlett Packard Enterprise Services UK Ltd. as opposed to Hewlett Packard Company.

3. Produce all documents and records with relate to or show lack of control of Hewlett Packard Enterprise Services UK Ltd. or its operations by Hewlett Packard Company.

4. Produce all documents and records which relate to or show control of Hewlett Packard Enterprise Services UK Ltd. or its operations by Hewlett Packard Company.

5. Produce all records and documents that relate to the HP global ethics team, global ethics office, global ethics investigations, global human resources, global human resources investigations, global diversity or the activities of same.

6. Produce all records and documents that relate to or show policies, plans, programs, benefits, compensation or initiatives which apply to all or multiple companies, subsidiaries, or related entities that are part of HP.

7. Produce all "personnel records" concerning the Plaintiff Siegel as defined above.

8. Produce all records and documents related to the Acquisition.

9. Produce all records and documents which relate to reflect or show any changes to the policies or operations of EDS as a result of the Acquisition, including but not limited to personnel and customers.

10. Produce all records and documents which relate to the creation or establishment of Hewlett Packard Enterprise Services and/or Hewlett Packard Enterprise Services UK Ltd.

11. Produce all records and documents which relate to the process of integration of EDS into HP.

12. Produce all records and documents which relate to global role of enterprise technology services in HP’s portfolio from 2008 to the present.

13. Produce all records and documents which relate to the services provided by any part of HP to the customers to which Plaintiff was assigned, including, without limitation, copies of all contracts with said customers.

14. Produce all records and documents which reflect or relate to communications by any employee or representative of HP with customers to which Plaintiff was assigned.

15. Produce all records and documents which reflect or relate to communications between HP employees concerning customers to which Plaintiff was assigned.

16. Produce all records and documents which reflect or relate to communications concerning Plaintiff Seigel.

17. Produce all records and documents which relate to the occupational health program applicable to Plaintiff Siegel's employment, including, but not limited to, all occupational health documents and records which relate specifically to Plaintiff.

18. Produce all records and documents which relate to services provided by BUPA ("British United Provident Association") with respect to employees of HP in the United Kingdom.

19. Produce all records and documents which relate to occupational health services provided by BUPA, paid by BUPA, or provided as part of an arrangement with BUPA concerning Plaintiff Siegel.

20. Produce all records and documents which relate to work assignments of Plaintiff Siegel including but not limited to, communications.

21. Produce all records and documents which relate to any request for or discussion of reassignment or transfer with respect to Plaintiff Siegel including, but not limited to, communications.

22. Produce all records and documents which relate to any medical or physical condition, report, evaluation or treatment of Plaintiff Siegel.

23. Produce all records and documents which relate to any benefit programs applicable to HP employees in the UK which are also applicable to HP employees in other groups and locations including employees of any other subsidiary of HP.

24. Produce all records and documents which relate to or show any changes in job descriptions, compensation, employment policies or reporting organization at Hewlett Packard Enterprise Services and/or Hewlett Packard Enterprise Services UK Ltd. from August 2008 to the present.

25. Produce all records and documents which relate to or show ownership and/or management structure at Hewlett Packard Enterprise Services and/or Hewlett Packard Enterprise Services UK Ltd. from August 2008 to the present.

CERTIFICATE OF SERVICE

I am employed in Monterey County, California. I am over the age of 18 years and not a party to the within action. My business address is PO Box 287, Carmel, CA.

On July 18, 2013, I caused to be served the foregoing Notice of Deposition of Marion Johnson by e-mailing and by hand delivery of said notice to the persons and at the addresses listed below.

Adelmise Rosemé Warner
Morgan, Lewis & Bockius LLP
One Market, Spear Street Tower
San Francisco CA 94105
adelmise.warner@morganlewis.com

Date: July 18, 2013

Karen Ford